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THE NEW DEMOCRAT

BLUEPRINT

IDEAS FOR A NEW CENTURY

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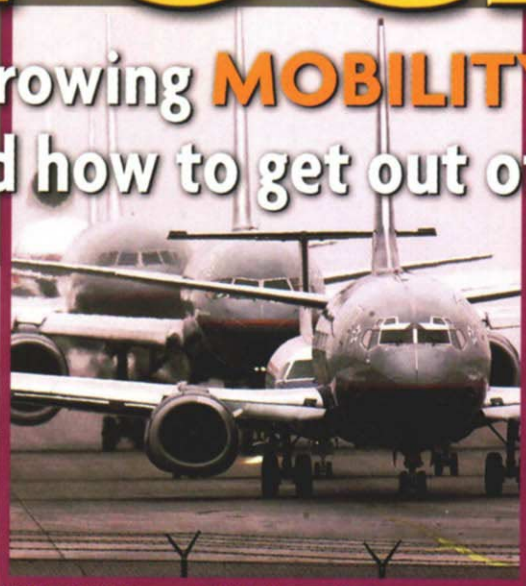
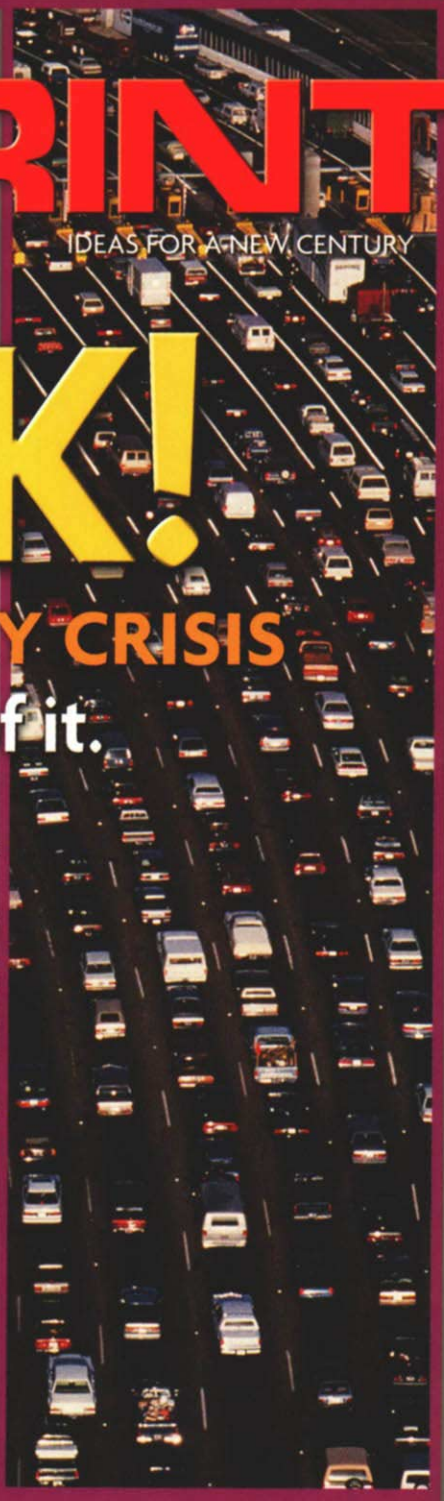
America's growing MOBILITY CRISIS – and how to get out of it.





- Alan Pisarski on **TRAFFIC CONGESTION**
- Brad Allenby on **TELEWORKING**
- Les Jackson on **CLEAN CARS**
- Martin Wachs on **PUBLIC TRANSIT**
- David Luberoff on **NATIONAL HIGHWAY POLICY**
- Dorothy Robyn on **AIRPORT GRIDLOCK**
- Robert W. Poole and Langhorne Bond on **AIR TRAFFIC CONTROL**
- Paul Weinstein Jr. on **PASSENGER TRAINS**
- Robert D. Atkinson on **THE POLITICS**

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For most of America, the "Beltway" is a psychological and geographical reference point that marks the dividing line between the American people and their national government. As such, "inside the Beltway" has become a pejorative term for being out of touch with the real America.

But the real Beltway, the belt of asphalt and concrete called I-495 that encircles the capital, is in fact an awful symbol of what Washington has in common with the rest of America: an enormous and ever-growing problem getting from here to there each day.

Despite one of the best public transportation systems in America, commutes in metro Washington are ranked the fifth-worst in the nation. On a "bad" morning, an overturned truck on the Beltway can snarl traffic until suppertime. One of the worst chokepoints in America is the rapidly deteriorating I-495/I-95 Woodrow Wilson Bridge over the Potomac, which serves both Washington commuters and north-south interstate travelers. Beltway traffic near the mammoth Tysons Corner retail and office complex in Virginia is the stuff of legend.

You might think, then, that Washington would have an acute sense of the nation's transportation ills. Ah, but that would be thinking like, well, someone outside the Beltway. Instead, our national transportation policy, if you can call it that, is a crazy-quilt pattern of conflicting and overlapping programs, strategies, investments, and jurisdictions, subject to wildly diverse impulses including economic development, land-use planning, environmental protection, NIMBYism, regional rivalries, and old-fashioned pork-barrel politics.

It's time for some clarity and focus in national transportation policy. In this issue of BLUEPRINT, we offer a package of ideas about how to get America moving again, one that we hope will provoke new thinking both inside and outside the Beltway.

We're happy to note that the debut issue of our new BLUEPRINT format (which picked up the editorial content of our retired label, THE NEW DEMOCRAT), created quite a buzz in political circles. Unfortunately, some of the buzz confirmed our worst fears about the state of center-left political thinking.

Some reporters took one look at the cover of BLUEPRINT ("It's the Culture, Stupid!") and decided the DLC wanted Democrats to move to the right on cultural issues and abandon pro-growth, future-oriented New Democrat economic policies. Others thought we were inventing a problem for Democrats that was actually a one-time phenomenon associated with the Clinton scandals.

It was pretty obvious to anyone who actually read the issue — especially our "Where We Stand" editorial — that we weren't urging Democrats to emphasize cultural issues at the expense of economic issues or choose one category of voters over another. Nor did we say Democrats should move to the "right" in pursuit of cultural conservatives. Our basic point was, and is, that Democrats ought to be able to walk and chew gum at the same time: to continue the New Democrat economic policies that expanded the party base during the 1990s, while espousing a "values centrism" that could cut unnecessary losses among voters who fear Democrats are fundamentally hostile to their cultural concerns. If "It's the Culture, Stupid!" made a few Democrats think more clearly, so much the better.

—Chuck Alston

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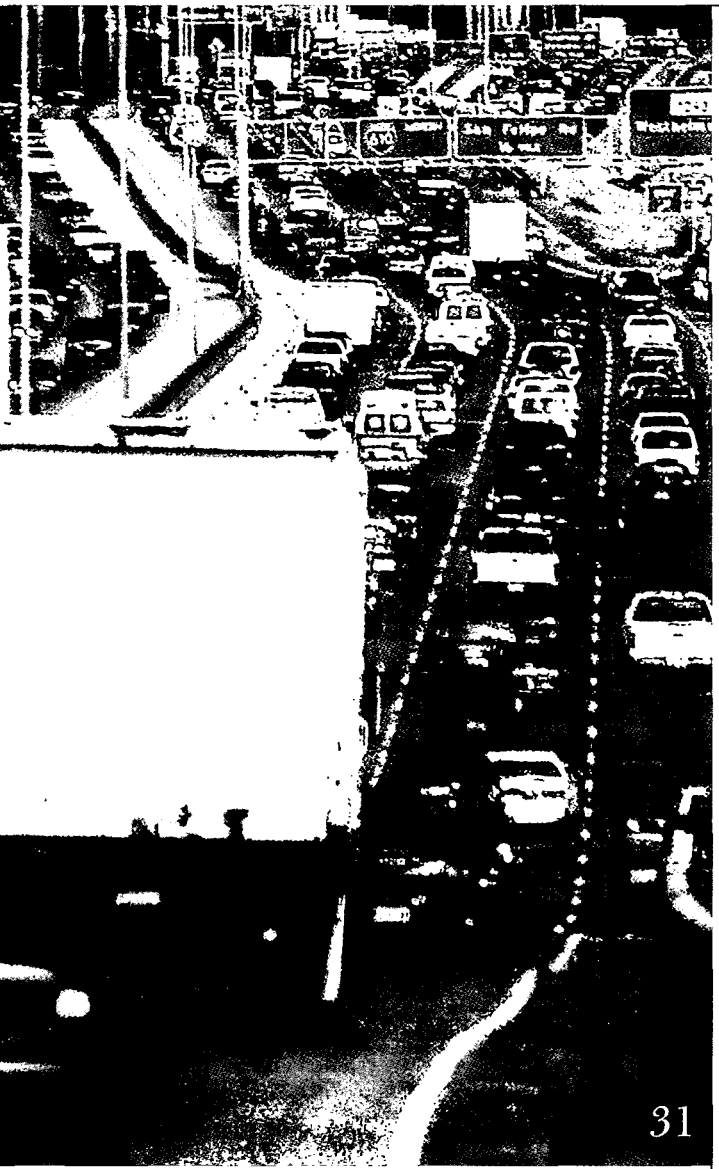

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Keeping America Moving

Transportation policy should focus on how people actually live and work, not how some would wish them to.

by **The Editors**

Life is grinding to a halt on roads, in airports, on trains, and at transit stops across America. Some analysts blame the problem on suburban sprawl and poor metropolitan planning. Others blame it on our failure to expand transportation infrastructure at the same rate as Americans' need for mobility. The bottom line is that America's transportation system increasingly cannot get citizens from here to there.

Our transportation system was built for a bygone era. Interstate highways and passenger rail lines were designed to get travelers from city to city, not from home to work. The air traffic control system was developed before the era of deregulation and mass air travel. Public transit systems were created for commuters who lived in close-in suburbs and worked in central cities — now the exception more than the rule. Despite much recent talk about "intermodal" transportation planning, road, rail, transit, and air facilities remain out of synch more often than not.

Moreover, the politics of transportation have become a special-interest playground. NIMBYs — "not in my back yard" opponents of specific projects — are adept at delaying or defeating transportation improvements supported by the broader community. Advocates of particular transportation modes press for more public funding with little regard for the impact on the rest of the system. And in Congress, an ever-higher share of transportation spending is devoted to members' pet projects, often overriding state and local transportation priorities and making little economic sense.

The debate over suburban sprawl has made matters worse. Many conservatives denounce transportation planning as an intrusion on local community control or as an assault on property rights. Many liberals have an anti-car and anti-suburb bias that leads them to oppose road construction that can ease highway gridlock.

In general, the "can-do" attitude that made it possible for America to build the world's greatest transportation system has been replaced by a fashionable defeatism about congestion.

We think it's time for a new national transportation consensus that restores mobility to the American people and focuses on where and how they actually live and work. This new consensus has four key elements.

First, the federal government should stop micromanaging state and local transportation projects and focus on its legitimate national roles: promoting smooth interstate transportation (including transportation in multi-state metropolitan regions); encouraging safety; collecting data and measuring results; conducting research and development; investing in new technologies; and authorizing demonstration projects that have genuine national significance. Washington should also let state and local governments control a greater share of the gasoline tax revenues that fund most transportation projects.

Second, transportation policy at all levels of government should focus on market incentives and public-private partnerships and abandon economically unsound subsidies and mandates sought by special interests. Market mechanisms

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like "congestion pricing" for roads, transit systems, and airports can spur more efficient use of transportation resources and ensure that "peak users" bear more of the cost of the burden they place on other travelers and taxpayers. Wherever appropriate, government should stop acting as a monopoly owner-operator of transportation facilities and form partnerships with the private sector. There's a strong case, for example, for privatizing the Federal Aviation Administration and Amtrak. And finally, transportation decisions must be liberated from the tyranny of NIMBYism, which abuses procedural safeguards to thwart the common need for good transportation.

Third, we must get serious about using technology to link different modes of transportation, help travelers avoid congestion, and encourage efficient use of roads, trains, and transit. Intelligent Transportation Systems that use computers, sensors, driver advisory screens, and other devices to reduce congestion are already available and should be deployed as quickly as possible. Moreover, government should prod automakers to build and encourage consumers to buy fuel-efficient and environmentally friendly cars, trucks, and sport utility vehicles.

And fourth, progressives need to get over their lingering hostility toward automobiles and suburbanization. It's anti-democratic and politically disastrous to tolerate wretched traffic conditions in the hope that commuters will give up and move back into cities or use car-pools or public transit to get to work. Certainly, government should make cost-effective alternatives to car travel available to the public. But it's nuts to devise a transportation system that is hostile to cars — the primary means of travel in this country.

BLUEPRINT's cover package on the **Mobility Crisis** begins on page 16.

Restoring personal mobility is essential to continuing economic growth and upward mobility. It's critical to the former welfare recipient who can't afford to be late to that first job; the two-earner family that must balance work and family needs; the first-time homeowners who suddenly realize they've "bought" hours in traffic jams; and the millions of Americans whose hectic, disjointed daily routines bear no resemblance whatsoever to the predictable rhythms of the post-World War II era.

Mobility deserves a much higher spot on the national list of priorities. It's a legitimate and essential function of government. But getting government's role right, especially Washington's, will require new and clear thinking about the changing nature of the country, its economy, and its people; the duties of different levels of government; and the promise of market mechanisms and technology. Most of all, it will require an old-fashioned democratic faith in the lifestyle decisions of Americans and a willingness to get them where they need to go. ◆

The Impending Battle of the Budget

Democrats should remember the budget is about values and priorities, not just spending.

Washington will soon be consumed with a big, nasty, partisan battle over federal spending. The reason is simple: The Bush administration pre-programmed a budget train wreck by pushing through a big tax cut that will dry up most budget surpluses for years to come and by releasing a threadbare budget document that did not account for spending the president himself requested. Indeed, the president is pushing Congress to act first on his education and defense spending proposals, because he knows there won't be enough money for them in the end.

In other words, the budget was going to be busted, big time, even with Republicans in charge of the budgetary process at both ends of Pennsylvania Avenue.

Now, the GOP is cynically using its loss of the Senate as a chance to blame "those big-spending Senate Democrats" for the budget disaster that was inevitable. The White House has begun issuing warnings that Bush will guard the treasury this fall from the Visigoths now running the Senate.

The good news is that Democrats turned the corner on fiscal discipline during the Clinton era and can no longer be stereotyped as profligate. They are wisely refusing to play their role in the GOP drama. Senate Majority Leader Tom Daschle is saying the right things about the message Democrats should convey in the coming battle of the budget:

It's not a fight about money, but about the parties' values and priorities.

It's not just about spending, but about overall fiscal responsibility, including such issues as the solvency of Social Security and Medicare, the need for economic growth, and the wisdom of tax cuts for high earners.

It's not about funding for government programs, but about tangible investments in the education, skills, capacity for innovation, and security of Americans and their economy — investments that will pay off in higher productivity, growth, and both public and private revenues.

Democrats will do just fine if they stick to this message. And the White House will have to take responsibility for its own bad fiscal calculations. ◆

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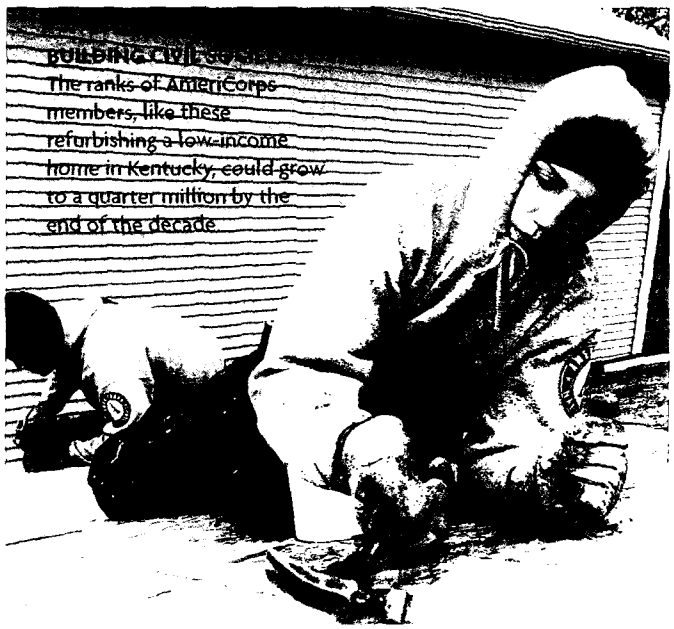
Ramping up

ayh and McCain aim to make national service truly national in scope. > *by* **Tom Mirga**


BUILDING CIVIL SOCIETY
The ranks of AmeriCorps members, like these refurbishing a low-income home in Kentucky, could grow to a quarter million by the end of the decade

For eight long years, former President Clinton fought Republican attempts to gut one of his proudest creations — the AmeriCorps national service program. Though the Corps has made a promising start, its growth has been hunted by relentless GOP opposition, and it has been unable to live up to its full potential.

That may be about to change. This summer, Republican Sen. John McCain of Arizona and Democratic Sen. Evan Bayh of Indiana announced that they are drafting bipartisan legislation to make national service truly national in scope.

"Senator McCain and I are working to develop a proposal for the next generation of national service," said Bayh, the DLC's chairman, during the group's annual National Conversation in July. He said their goal was to "re-enlist the legions" of young Americans disaffected from politics and civic life "in the building of our nation."

"AmeriCorps is too limited in its hope," added McCain in a June speech during the annual convention of City Year, the Chicago-based service group that was a model for AmeriCorps. "I would like to see many more participate in a coordinated program of civic involvement to achieve national objectives."

Although some Republicans would still gladly dance on AmeriCorps' grave, there are promising signs that the party overall is tempering its attitude toward national service.

For example, President Bush this summer nominated Leslie Lenkowsky to be chief executive officer of the Corporation for National Service, which administers AmeriCorps. Clinton appointed Lenkowsky twice to the corporation's board of directors.

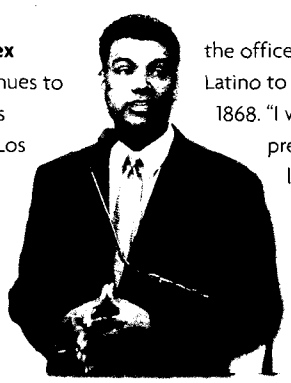
While discussions about the Bayh-McCain bill are at the preliminary stage, ideas being floated include:

- Expanding AmeriCorps from 40,000 members annually to perhaps as high as 250,000 by the end of the decade.
- Pressing colleges to devote more work-study positions to community service and to give more weight to service in admissions decisions.
- Encouraging more young adults to serve their nation as "citizen soldiers."
- Creating federal challenge grants to leverage more spending by businesses and charities on national service.
- Creating a "citizens response corps" for disaster relief.
- Finding common ground with President Bush's faith-based and community service initiative. ◆

TheGRAPEVINE

News about New Democrat movers and shakers

Washington State New Democrat **Adam Smith** may not play hardball politics in Congress, but when he picks up a bat and glove, look out. The Tacoma representative went two for two at the plate (against pitcher Steve Largent, a former pro football quarterback) in the Democrats' heartbreaking 9-1 loss to the Republicans in this summer's annual congressional baseball game. Smith's performance earned him Most Valuable Player honors for the Democratic side. "I guess some of the [Seattle] Mariners' magic has rubbed off on me," said Smith of the award. ... California New Democrat **Alex Padilla's** star continues to rise. In early July his colleagues on the Los Angeles City Council elected him as their president. At 28, he is the youngest person to hold the office, and the first Latino to do so since 1868. "I will be a council president — just like I am a councilman — for all constituencies," Padilla said of his new role. —*TM*



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Best practices from the world of online government

A public-private partnership in **California is laying the groundwork for the nation's first online application for public health insurance for poor children**.

An estimated 2 million low-income children in the state lack health insurance. Many if not most are eligible for either Medicaid or the Children's Health Insurance Program but have never been signed up for either service.

The creators of the new online application, dubbed **Health-e-App**, aim to change that. Using Web-connected computers and kiosks in schools, libraries, health clinics, and community centers, parents can enroll their children in as little as 20 minutes, with help from trained volunteers if they choose. In most cases, parents can get a preliminary decision on their children's eligibility for services in real time, along with confirmation that the state has received their application.

The state, the California HealthCare Foundation, and the Medi-Cal Policy Institute are developing Health-e-App jointly. They recently completed a successful pilot test in six low-income neighborhoods in San Diego County. In June, **New Democrat Gov. Gray Davis** proposed spending $1.3 million to take the project statewide over the next year.

"We've streamlined the paper application as far as it will go," says Davis. "Now it's time to put the power of technology to work. [Health-e-app is] faster, more efficient, and more accurate than the paper version. And it provides immediate results."

For more information, visit the project's Web site at www.healtheapp.org.

A conversation with...

Rep. Ellen Tauscher >> on nuclear security

BP > How much importance do you think Americans assign to missile defense and other national security issues?

ET: The American people are keenly aware that we have a dominant position in the world militarily and economically and that our position of dominance is not always viewed by allies and adversaries as a positive thing. They know that globalization, mass communication, and technology have shrunk the world, and that these and other technologies have created threats to the country. They know that weapons of mass destruction are much easier to deliver surreptitiously.

BP > What are the most compelling national security issues facing the United States in the 21st century?

ET: Helping Russia achieve economic stabilization. The expansion of NATO. The emergence of China as a world economic power and potential military adversary. The Bush administration's failure to engage Russia early to amend the Anti-Ballistic Missile Treaty to deal with our common threats — rogue states, accidental deployment of missiles — has caused Russia and China to fall into each other's arms. Also, the spread of HIV and AIDS is fueling regional instability in the developing world.

BP > You recently cosponsored the Nuclear Threat Reduction Act of 2001. What are the bill's key provisions?

ET: The act puts three interlocking opportunities together. First, it provides the president with authority to take down our nuclear arsenal unilaterally. Second, it minimizes the opportunity for accidental missile launches. The third thing is debt-for-nonproliferation swaps, a new market tool. As Russia tries to re-establish market economies, we would swap debt forgiveness and debt restructuring for real, verifiable nonproliferation activities.

REP. ELLEN TAUSCHER (D-Calif.) is the vice chair of the DLC and a member of the House Armed Services Committee.

BP> What are your thoughts on Defense Secretary Donald H. Rumsfeld's defense review and the prospects for genuine military transformation?

ET: It took them a long time to get their brains wrapped around what they had to do at the Pentagon, especially considering that their defense secretary and vice president are both former secretaries of defense. Dick Cheney said to the military, "Help is on the way." But unless you work for the Ballistic Missile Defense Office, I'm not sure you think that help has arrived.

BP> Do you think the rest of the Bush administration will be more productive than its first six months were?

ET: I have to tell you, I am stunningly disappointed with their lack of faith toward campaign promises of bipartisanship. Their definition [of bipartisanship] appears to be to pick off one or two [Democrats] when necessary and say, "We've got a Democrat, off we go!" as opposed to developing a relationship with us and a sense of cooperation for the good of the country.

—interviewed by Kate Herman

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Sara Horowitz

Helping "free agents" navigate the New Economy. > *by* **Kate Herman**

Sara Horowitz has been searching for years for ways to help independent and contingent workers get the insurance, disability, and retirement benefits that most traditional workers take for granted. Now, the former MacArthur Foundation "genius award" winner is closer than ever to realizing one of her goals.

This fall, Horowitz's New York-based nonprofit group, Working Today, will begin pilot testing a portable benefits network for independent workers. The experiment will initially focus on Web designers and other "new media" workers in the city's Silicon Alley business district.

"Instead of fighting mobility, we want to help more people be mobile and show that there's not a downside to it," Horowitz says. "The No. 1 issue for [independent workers] is finding work. But once they do that, it's finding and keeping health care." According to a June 2001 study by Working Today, 30 percent of the independent workers employed in New York's new media and high-tech industries have no insurance.

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Working in tandem with Horowitz's group, unions and professional associations representing independent workers will be able to offer their members affordable and portable health insurance and other benefits from providers including HIP Health Plan of New York and Guardian Life. Participating workers will also have access to investment planning services from Salomon Smith Barney and financial services from Citibank. The Ford Foundation and the city and state of New York have provided grants to get the effort going.

"The major thing that the portable benefits network does is show a new delivery system," Horowitz explains. "Instead of going to your employer for benefits, you can go to your union or a nonprofit [group] or some other source."

Horowitz blames an outdated health care system and backward political thinking for the problems plaguing independent workers.

"The regulatory system is really out of the 1930s, and it still functions that way — they really like large corporate groups as opposed to individuals," she says. Independent contractors and other freelancers, she continues, "earn too much to ever qualify for state programs, but they also really can't afford to go buying individual packages either. And if they're looking for family plans, it's astronomically high."

With more people than ever pursuing careers outside the conventional employment structure, Horowitz says progressives need to think anew about how to help workers.

"We've raised a whole post-Reagan generation of do-gooders who need to stop being so naïve about what it takes to make a difference and make things work," she says. "[Progressives] focus so much on vision and where we want to be and so little on paying the rent and the phone bill and the things we need to

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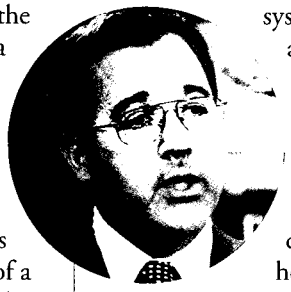
Louis Caldera



Louis Caldera
Vice Chancellor, California State University system

Former Secretary of the Army Louis Caldera was the mastermind behind the "Army of One" recruitment campaign that's currently hitting the airwaves with a vengeance. Now the New Democrat is charged with recruitment of a different sort in his new role as the California State University system's vice chancellor for university advancement.

The West Point and Harvard graduate held the Army post under President Clinton from 1998 through 2000. Before that, he served as chief executive officer of the Corporation for National Service and as a member of the California legislature representing downtown Los Angeles.

Caldera says shifting his focus from the Army to student recruitment and university fundraising was a logical next step. In his new role, he says, he hopes to bridge the divide between academia and the military.

"We have to build public and private support for this university so it can meet the needs and skills we need to give our military personnel," he says of the university's 23-campus network serving nearly 400,000 students. "Like the Army of One slogan, we need to develop a brand for the California University system to raise its visibility ... and get the community involved."

Caldera says his Army experience taught him that community partnerships can be a powerful recruitment tool. It's a lesson he plans to apply in his new capacity. The right programs, he says, can go a long way toward changing the minds of young men and women who think joining the military means falling behind their college-bound peers.

"I wanted [the military] to be an opportunity for young people to serve their country and have good benefits," he says. "But it also should be the opportunity to get their education and skills training, as well as the world-view experience, while serving their country at the same time.

"Democrats have to be strong on defense," Caldera says. "We have a unique opportunity to improve the lives of the men and women who are willing to serve in our military. That is certainly on point with our values of opportunity and responsibility, because these people are willing to give back to their country." *–KH*

Kwame Kilpatrick

As both the youngest leader of Michigan's House Democratic Caucus and the first African-American to hold the post, New Democrat Kwame Kilpatrick knows what it's like to work under a magnifying glass. "I felt a lot of pressure, I have to tell you, and more pressure because of my youth than my ethnicity," the 31-year-old state representative says. "Everybody said it should be the other way around. But I'm proud to be African-American so I didn't dwell on that."

Born into a political family — his mother is U.S. Rep. Carolyn Cheeks Kilpatrick (D-Mich.) and his father is chief of staff to Wayne County, Mich., Executive Ed McNamara — the Detroit native has helped revitalize his state and party through his progressive, community-oriented approach to government. Since taking office as leader in November, Kilpatrick has visited every district in the party caucus. He shepherded more Democratic bills through the House during his first 90 days as party leader than the party passed during the entire previous legislative session. "We took a more proactive approach to government by coming up with our own ideas instead of just reacting to Republican ideas," he says. "We're driving the agenda."

Kwame Kilpatrick
Leader of Michigan H Democratic Caucus

Under Kilpatrick's leadership, the party is steadily modernizing the methods it uses to achieve traditional Democratic goals. Public-private partnerships that strengthen K-12 education are a good example, he says.

"We always think of money being provided by companies, but we forget about the other resources, like technology and time ... and the ultimate resource of having people from schools go to those partner companies and learn the skills at that end," Kilpatrick says. "Those types of things are really great." *–KH*

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survive. We have to value that as much as beautiful visions and advocacy."

According to Horowitz, labor has to be retooled for the New Economy from the bottom up. "Sometimes I feel that 'community' is really just a descriptive term for how people really just want to be surrounded by things that are familiar to them," she notes. "It is really important to realize that community-based institutions and programs are crucial, and that you have to connect them in a national way, even though they're created on a very local scale."

Horowitz, who once worked as a union organizer and whose husband and father have worked as labor lawyers, says Democrats "really need to go back and look at labor history" as they fashion solutions for the problems of the independent workforce.

"Unions had a mechanism, which was that they would charge dues that would pay for organizers and building rents and other things," she says. "The more infrastructures that were in place, the more powerful these unions were." The portable benefits network that she is trying to build is a modern example of the old model in action.

"We're trying to set up a structure that really is in sync with how people are working," she says. "At the end of the day, that's what's important." ●

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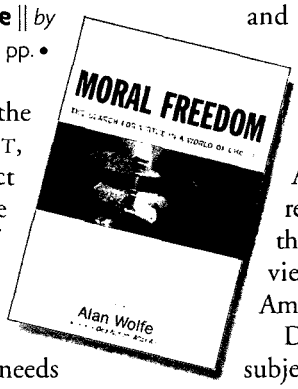
BOOKS

Moral Freedom: The Search for Virtue in a World of Choice || *by Alan Wolfe* • W.W. Norton • 224 pp. • $24.95 (cloth)



As Alan Wolfe noted in the last issue of BLUEPRINT, Democrats must reconnect with churchgoers if they are to have any hope of returning to power at the national level. But before the party can reconnect with people of faith, it first needs to understand what drives Americans' moral beliefs.

Wolfe's latest book, *Moral Freedom*, is a Baedeker to contemporary American morality. Based on more than 100 interviews conducted in eight widely different communities, it explores Americans' interpretations of values such as loyalty, honesty, self-restraint, and forgiveness and lets them explain in their own words how they apply these values in their everyday lives.

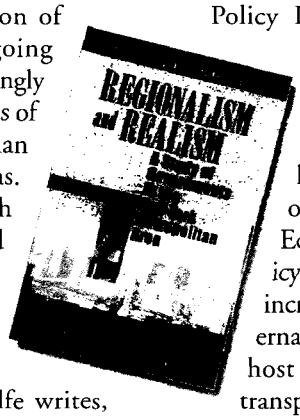
Wolfe, the director of the Boisi Center for Religion and American Public Life at Boston College, didn't limit his investigation strictly to frequent churchgoers. His interview subjects included gay men and lesbians, born-again Christians, military retirees, union members and supporters, white suburbanites, inner-city African-Americans, and recent immigrants. As such, the book offers a wide-angle view of contemporary American morality.

Despite the breadth of the subjects' backgrounds, Wolfe uncovered a common theme in their interpretation of morality. Even churchgoing Americans, he found, increasingly shape their morals on the basis of personal experience rather than on religious texts or dogmas. They want to wrestle with moral issues on their own and view this as a privilege of living in a country that values individual choice. "Far from a land populated by secular humanists," Wolfe writes, "Americans want faith and freedom simultaneously."

At a time when policymakers are weighing how to expand the role of faith-based groups in the delivery of government services, that's a valuable lesson.

Where to get it: www.wwnorton.com and major online booksellers

Regionalism and Realism: A Study of Governments in the New York Metropolitan Area || *by Gerald Benjamin and Richard P. Nathan* • Brookings Institution Press • 308 pp. • $24.95 (paper)



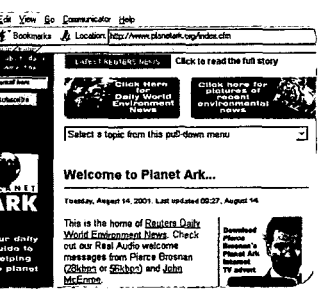
Recent studies by the Progressive Policy Institute and the U.S. Conference of Mayors show how metropolitan regions composed of big cities and their suburbs have become the engines of growth in the New Economy. Meanwhile, policymakers across the country increasingly see regional governance as the solution to a host of problems including transportation, urban sprawl, and air quality.

Gerald Benjamin and Richard P. Nathan's new book is especially timely given regionalism's rapid rise toward the top of the policy charts. Using the New York City region's 2,179 local governments as their jumping-off point, they take a critical look at the regionalist impulse in America at large.

According to Benjamin and Nathan, regional governance reforms have three basic goals: efficiency in government and services, equity among citizens, and competitiveness in the world marketplace. "In a nutshell," they write, "we believe that efficiency, more than equity or competitiveness, is the value and approach that most successfully promotes regionalism." The authors also warn would-be reformers to heed citizens' desires to preserve community identity when fashioning regional solutions to problems.

Where to get it: www.brookings.edu and major online booksellers

INTERNET TOOLS



Planet Ark

An Australian organization created by former pro tennis player Pat Cash, Planet Ark encourages individuals and businesses to reduce their day-to-day impact on the environment. The group's Web site features a free daily digest of world environmental news sponsored by the Reuters wire service. Users can retrieve past articles from a searchable database.

• www.planetark.org

policy-network.org

This London-based Web site is an idea-exchange center for Third Way policymakers, with a strong emphasis on British and European affairs. It's a great place for New Democrats to keep up with and learn from their counterparts abroad.

• www.policy-network.org

New Economy Information Service

Created by intellectuals associated with the Social Democrats USA, this Web site shows there's fresh thinking bubbling up in the labor movement about how to help workers compete and win in the New Economy.

• www.neweon.org

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THE INDEX || A Diary of the Progressive Opposition

>> REFORMERS & RESULTS

HMOs ⟺ President Bush's veto threat stalls HMO reform for the fourth straight year, breaking the 13 original colonies' record for the longest Bill of Rights debate.

Tobacco ⇩

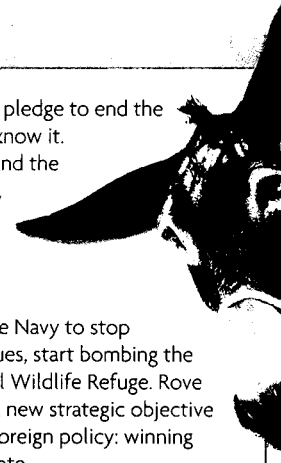
Attorney General Ashcroft drops federal lawsuit against Big Tobacco. Cigarette makers discover a new ingredient more addictive than nicotine: soft money.

Faith-Based Initiative ⟺ White House gets caught trading discrimination waiver to the Salvation Army in exchange for the charity's support of the initiative — Bush's worst swap since Sammy Sosa for Harold Baines in 1989.

Election Reform ⇩ Climate-change studies suggest global warming may put South Florida underwater by mid-century. It's only a matter of time before the White House tries to sell its opposition to the Kyoto Protocol as a way to finally get rid of punch-card ballots.

Education ⟺ Conservatives and liberals both work to water down education reform bill's accountability provisions. Bush's plan: Take 100,000 police off the street, put 100,000 teachers on the street.

Budget ⇩ Bush keeps his pledge to end the surplus as we know it. Senator Bayh and the Democrats say, "Read our lips — no new deficits."



Military ⟺ Bush orders the Navy to stop bombing Vieques, start bombing the Arctic National Wildlife Refuge. Rove doctrine sets a new strategic objective for American foreign policy: winning the Catholic vote.

Campaign Finance Reform ⇩ Reform bill stalls in Congress, special interest groups celebrate Christmas in July. Bush and K Street lobbyists tell congressional Republicans, "It's your money!"

Changing the Tone ⟺ Bush promised a more efficient White House and delivers: It took the Clinton administration two whole years to lose Congress, Bush's crew does it in just four months.

Economy ⇩

New study shows Republicans are three times more likely than Democrats to have nightmares when they sleep. Thanks to Bush's stewardship of the economy, Americans are now three times more likely than before the election to have nightmares when they're awake.

Free Agent Nation: How America's New Independent Workers Are Transforming the Way We Live ||
by Daniel H. Pink • Warner Books • 288 pp. • $24.95 (cloth)

In BLUEPRINT's 1998 premier issue, former Clinton White House speechwriter Daniel H. Pink described how the growing ranks of job-hopping, tech-savvy, fiercely independent "free agent" workers were changing the face of American economics. Pink, now a contributing editor at *Fast Company* magazine, expands on those themes in an insightful and entertaining new book.

Fewer than one in 10 Americans now work for a Fortune 500 company, Pink notes, and free agents — a group encompassing freelancers, independent contractors, temps, self-employed Americans, and home-based entrepreneurs — now number 33 million in the United States. "Power is devolving from the organization to the individual," he writes. "The individual, not the organization, has become the economy's fundamental unit."

If free agency is a reality in America's economic life, then it will fast become a reality in America's political life. "Tap the number 33 million into a calculator, and any fool can see the political potential in that row of zeroes," says Pink. "It's obvious that some politician somewhere will figure out that free agents are the sleeping giant of American politics."

Where to get it: www.twbookmark.com (for a free online chapter) and major online booksellers ◆

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IDEA of the WEEK > Every Friday on NDOL.org

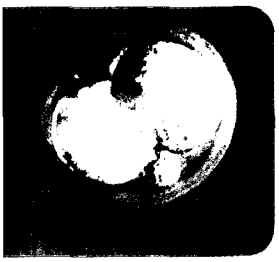
Court Leave for Crime Victims

The victims' rights movement has made great strides during the past decade. Many states now have formal procedures for hearing from crime victims during trials or before sentences are handed down. It's also easier in many jurisdictions for victims to get information about criminals' legal status and whereabouts.

Arizona has taken victims rights one step further under the leadership of New Democrat Janet Napolitano, the state attorney general. It has granted victims the right to take unpaid leave from work to attend court proceedings involving crimes committed against them.

The principle is the same as that underlying the Family and Medical Leave Act of 1993. When that law was first proposed, Republicans complained loudly that it would impose ruinous costs on many businesses. But family and medical leave has become part of the fabric of American life since then, and it obviously didn't put a crimp in the nation's longest economic boom since the 1960s.

Funding Stem Cell Research



President Bush announced this summer that he would continue funding research on a select few lines of stem cells that were originally obtained from leftover embryos at fertility clinics. But he banned funding for studies that involve creating and destroying new embryos.

In his scramble to strike a new political balance, Bush dealt a blow to scientific and medical progress. His decision represented the most restrictive use of federal money short of a ban. Embryonic stem cell research is the best hope around for breakthroughs in the treatment of major diseases. Even conservative, pro-life politicians urged Bush not to short-circuit this life-saving research.

This summer the Progressive Policy Institute published a comprehensive policy report on the issue by science writer Dr. Rebecca Dudzik Ham. In summarizing the importance of stem cell research, Ham quotes National Institutes of Health Director Harold Varmus as saying in 1998: "It is not too unrealistic to say that [stem cell] research has the potential to revolutionize the practice of medicine and improve the quality and length of life."

Facts about stem cells:

1 → Embryonic stem cells can develop into any part of the human body.

2 → Labs can make stem cells multiply indefinitely. Between 30 and 60 such stem cell "lines" now exist. Bush continued funding for these few lines only.

3 → Some scientists say hundreds of stem cell lines may be needed for effective research.

4 → Scientists are experimenting with stem cells in the treatment of juvenile diabetes, Alzheimer's and Parkinson's diseases, and spinal cord injuries.

5 → The federal government is spending $250 million on stem cell research this year.

PLAYbook

NDOL.org — A menu of ideas for state and local elected officials

ENDING RACIAL PROFILING

- **New Dem play** || Combining good community relations and better information to nab the real bad guys
- **Where it's working** || Nine states so far
- **Players** || Federal, state, city, and county officials

Racial profiling — random traffic stops or other police action based primarily on the color of a person's skin — is not only morally wrong, it's bad policing. The moral offense is obvious: Law-abiding citizens are subjected to intense police scrutiny because of their race. More often than not, racial profiling is caused less by racist attitudes than by poor information about actual crimes and criminal suspects. Lack of information leads police to use "broad net" strategies that inevitably ensnare those guilty of nothing but "driving while black."

New technologies can help end racial profiling. First, they make it possible to objectively document racial profiling when it occurs. Second, they give police the tools they need to profile actual criminals rather than groups of people who bear some superficial resemblance to criminal suspects.

Since 1999, nine states — Connecticut, Kansas, Massachusetts, Missouri, North Carolina, Oklahoma, Rhode Island, Tennessee, and Washington — have passed data-collection laws to fight racial profiling, and bills are pending in at least 20 others. To learn more about their strategies, visit www.ndol.org/specials/playbook.

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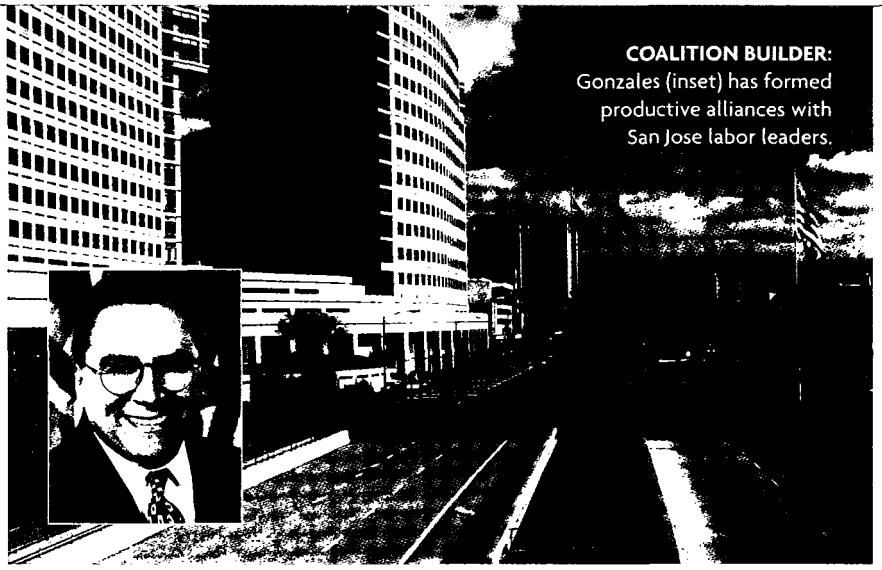

COALITION BUILDER: Gonzales (inset) has formed productive alliances with San Jose labor leaders.

Working together

In San Jose, New Democrats and labor are teaming up to tackle problems. > *by* **Jenna Osburn**

For many Americans, Silicon Valley conjures up images of high-tech gadgetry and glamour. But there's more to the valley and its de facto capital, San Jose, Calif., than dot-com billionaires and the next big technological breakthrough. Behind every New Economy success story is a legion of low- and middle-income workers who assemble parts, clean offices, cook food, and fill a myriad of other jobs that keep the local economy humming.

These employees don't just work in the valley, they live there too. And living in the valley isn't cheap. The region's explosive growth during the past decade has created an acute shortage of affordable housing. For example, the median price of a single-family home in the area is now $449,000, up from $378,000 just a year ago.

In the old economy, a similar housing crunch might have sparked labor protests and demands for massive, subsidized public-housing projects. In San Jose, in contrast, New Democrat Mayor Ron Gonzales has teamed up with local labor leader Amy Dean to craft progressive solutions to the shortage.

Last fall Gonzales enlisted Dean, the executive officer of the South Bay AFL-CIO Labor Council, to help him identify ways to boost the city's supply of affordable housing. Working with a citizens advisory panel that included Dean and with Working Partnerships USA, a think tank that Dean founded in 1995, Gonzales this summer unveiled a comprehensive plan to create more affordable housing in the private market. Among other features, it recommends that 20 percent of new housing in San Jose's undeveloped Mid-Coyote Valley be set aside for families making less than the median income, a policy change that could create up to 5,000 new affordable homes.

"These bold actions will make San Jose a better place to live," says Gonzales, "a place where we provide affordable housing for all income levels."

"With these actions," adds Dean, "we can roll up our sleeves and get to work to make real progress on solving our housing crisis."

Dean is also a member of the mayor's Education Task Force, which worked with Gonzales to create San Jose's nationally recognized Teacher Homebuyer Program. The initiative helps the city attract and retain high-quality teachers through home-loan assistance. The task force also worked with Gonzales to create a related program that provides college scholarships to students who are studying to become teachers and have pledged to work in the city's schools after graduation.

extras Get more on the Web > NDOL.org **Search:** Extra San Jose

In San Jose, New Democrats and organized labor are transcending their old differences at the national level and finding common ground on local challenges. Democrats in the rest of the nation are beginning to take notice. ◆

WORTHrepeating

Our favorite quips and quotes

"The last thing I want is to be the general at Gettysburg who orders his 10,000 troops into line."

—Rep. Christopher Shays *(R-Conn.), co-sponsor of the Shays-Meehan campaign-finance reform bill, on his vote to reject unfavorable rules for House debate of the measure* (July 11, 2001)

"A few conclusions have been announced — a bit on military quality of life, some musings on transformational technologies. But so far there's been more storm than reform."

—Ken Adelman, *GOP military and foreign policy expert, writing in* The Wall Street Journal *on Defense Secretary's Donald Rumsfeld's defense review process* (July 13, 2001)

"If you're a public-service provider, you go where the community need is. If you're a business, you go where the money is. But if you're Amtrak, which way do you go?"

—George Warrington, *Amtrak president, in testimony before the House Transportation Committee* (July 26, 2001)

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▸ SANDRA FELDMAN

Education standards backlash

Standards, testing, and accountability are now the watchwords of anyone who speaks responsibly about education. This is a huge change from a few years ago, when the education debate boiled down to whether resources mattered or not. Now there is a consensus that while resources are a predicate for effective education, they must be accompanied by meaningful standards, reliable measures of student progress, and ways to hold schools accountable for results. This consensus holds great promise for our nation's children.

The American Federation of Teachers has been at the forefront of the movement toward standards and accountability. As early as 1983, we called on the nation to emulate other high-achieving countries and develop standards-based education systems to assure that all students can compete in the demanding Information Age economy.

Our commitment to standards hasn't wavered. It is why we support annual student testing and reporting test results by demographic subgroups. It is also why we believe that our focus should not be just on testing, but on developing and administering good tests that are based on a rich curriculum aligned to standards.

Unfortunately, some policymakers believe the standards movement is just about tests. The nation isn't paying enough attention to curriculum development and other supports that must accompany the move to standards. Without well-developed curricula, high-quality professional development for educators, and meaningful help for struggling students, we will not realize the promise of standards-based reform. We think that's an avoidable mistake.

There is ample evidence that teachers, students, parents, and the public support standards-based reform and testing. However, we are concerned that current worries about testing are being used by some to undermine standards-based reform. They draw their best arguments from shortcomings in the way some states and localities have implemented standards. Since 1995, the AFT has published an annual report documenting state implementation of standards-based systems. This year's report, *Making Standards Matter 2001,* indicates that there is cause to be concerned about key issues such as:

- **The amount of testing.** Critics say tests eat into valuable instructional time.
- **The use of tests.** Many worry about making high-stakes decisions based on a single test.
- **The accuracy of the results.** Scoring errors resulting in mislabeling of students have been front-page news across the country.
- **The quality of tests.** There are too many multiple-choice tests and too few that require students to write and develop answers on their own.
- **Over-politicization of tests.** Some states have set unreasonably high expectations, yielding high failure rates for schools and students. Others have set embarrassingly low performance benchmarks.

These are significant, yet solvable, problems. As *Making Standards Matter 2001* shows, there is good news. More states are emphasizing academics, paying attention to students at risk of failing to meet standards, aligning their standards with their assessments, and benchmarking their standards to external models of excellence. States are also making more instructional material accessible to teachers on the Internet.

But that's only half of the story. There is troubling news, too. Progress on standards-based testing is falling short. Tests are driving reform in some places rather than standards and curriculum. Almost a third of states' tests are based on weak standards; about two-fifths are not aligned to standards; less than a third are supported by adequate curriculum; and a third of the tests used to make promotion or graduation decisions are unaligned to standards.

Moreover, our report finds that the number of states providing funds for student intervention declined from 28 in 1999 to 23 in 2001. In fact, in almost half of the cases in which states use tests to make high-stakes decisions regarding promotion or graduation, they do not mandate and fund intervention programs for failing students.

We should make sure that students who need help get it. Research and experience show us that the remedy lies in a four-pronged approach: establishing meaningful standards; providing educators with a strong curriculum and other tools to meet those standards; developing tests that measure learning related to the curriculum; and helping students who need assistance.

The issue is not whether to test students; the case for doing so is clear. However, testing is only one component of standards-based reform. The standards movement is too important to be undermined by false choices or a less than total commitment to its basic principles and a comprehensive approach to reform. Tests should be an integral part of this process, not a reason to abandon it.

▷▷ **Sandra Feldman** is president of the American Federation of Teachers.

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BLUEPRINT
September/October 2001

GRIDLOCK NATION: Rush-hour commutes in large ~~cities~~ today are twice as bad as they were a decade ago.

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Life in the

Not-So-Fast Lane

by **Alan E. Pisarski**

Between outdated infrastructures and an overload of motorists, road travel is driving us crazy.

Transportation seems to be perpetually No. 11 on everyone's list of top 10 public issues. The topic was not even discussed in the 2000 presidential election. In fact, transportation probably belongs no lower than No. 5 on our list of local public issues, after education, crime, health care, and jobs. How bad is the transportation problem? Today's rush-hour commute in large cities has become twice as bad as it was in 1982, according to The Texas Transportation Institute's respected Travel Rate Index (TRI). The Index measures how much worse traffic is at rush hour than at off-peak times. It indicates that it takes 1.4 times longer, a penalty of 40 percent, in peak periods vs. off-peak periods in metropolitan areas with more than 3 million population. This means a 30-minute trip in an off-peak period takes 42 minutes in "rush hour." In 1982, the penalty was only about six minutes. In Table 1 (this page), we see growth-related TRI values for major metro areas. Variations, which are clearly growth-related, range from 1.55 in rapidly

Table 1. Rush Hour Is Getting Worse

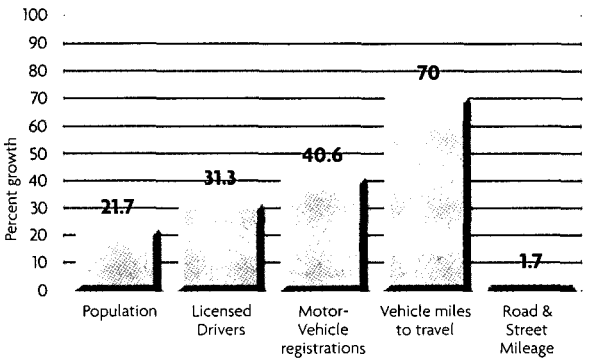
The ratios in the chart compare the time a trip takes during rush hour to the same travel time during off-peak hours. For instance, in cities with populations above 3 million, a rush-hour commute that took 1.21 times longer than its off-peak counterpart in 1982 took 1.4 times as long in 1999.

Metro size	1982	1983	1984	1992	1994	1998	1999
>3 Million	1.21	1.29	1.35	1.34	1.37	1.4	1.4
1-3 Million	1.07	1.12	1.17	1.18	1.23	1.26	1.28
.5-1 Million	1.05	1.07	1.11	1.12	1.16	1.17	1.18
<.5 Million	1.01	1.02	1.03	1.04	1.05	1.06	1.07
All	1.14	1.19	1.25	1.25	1.28	1.3	1.32

Source: Texas Transportation Institute

Table 2. Roads Aren't Keeping Pace

The nation's infrastructure construction effectively came to a halt between 1978 and 1998. Meanwhile, the population — and, consequently, the number of cars on the road — swelled.



Source: *Our Nation's Highways: Selected Facts and Figures* (U.S. Department of Transportation)

Alan E. Pisarski, whose work focuses on travel behaviors, is the author of *Commuting in America* (Urban Land Institute).

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growing areas such as Los Angeles to 1.42 in Washington, D.C., and lower values in low-growth areas such as Detroit (1.31) and Philadelphia (1.22).

The problem of course is most acute in the large metropolitan areas; today about 58 percent of our population lives in the 50 metro areas with over 1 million in population.

How did we get into this mess? By years of sustained policy neglect. Transportation infrastructure, particularly highway capacity, doesn't overload overnight. The simple fact is that we didn't build highways at the same pace as we increased our population, our cars, and our travel. In the past 20 years, for instance, road and street mileage grew a trivial 1.7 percent, while the determinants of travel — population, drivers, vehicles, and distance traveled — grew by extraordinary amounts, as shown in Table 2 (page 17).

> "The **simple fact** is that we didn't **build highways** at the same pace as we **increased our population**, our cars, and our travel."

Our problems are bad and getting worse. As congestion gradually encroaches on smaller and smaller urban areas, a capacity crisis is looming. Even some intercity routes in rural areas are showing signs of congestion. Daily vehicle travel on rural Interstate highways rose about 7 percent on average between 1995 and 1997. Even though we are the beneficiaries of a substantial road investment bequeathed to us by the post-World War II generation, we have done little to add to it since. Existing capacity has largely run out.

The problem and its facets. *The demand side.* Congestion is people with the means to act on their social and economic aspirations getting in the way of other people with the means to act on theirs. And the great villain in America's congestion problems is affluence — combined with population growth and population redistribution.

In America, as in no other place on earth, people can act on their social and economic needs and wishes. They can afford personal vehicles. That leads to travel, which leads to friction with other people acting on their social and economic needs. As incomes rise, trip-making increases; specifically, car trips increase, and trip lengths increase as well. Higher income households generate almost 40 percent more auto travel than the average.

One factor that increases our driving is the rapid growth in non-work-related travel. The fastest-growing trip purposes are social, recreational, and family and personal business — such as banking, shopping, going to the doctor. Gone are the days when work travel dominated daily mileage. Surveys in 1977 and 1995 showed that while per capita trip-making grew 50 percent, work trips grew only 33 percent. Once other trip purposes are added to the mix, work travel becomes only 25 percent of total passenger mileage. Beyond that there is freight and service vehicles' movement. Hence the focus purely on work travel — commuting — is far too narrow a policy perspective.

WHERE WE DRIVE: Americans spend more time driving to fast-food restaurants, stores, and the like than they do driving to work.

Another key contributor to rising travel is the increasing longevity of the automobile, one of the most significant technological changes in half a century. The American auto fleet today averages more than eight years old; we have a huge stock of viable vehicles available at very reasonable cost. The increasing affordability of cars means that more low-income people have them and drive them. We also have a booming immigrant population that can afford vehicles. After all, acquiring a job, a home, and a car is the reason many immigrants come to the United States. And while population growth has been a key component in increased travel, immigrants represent a special form of population growth from a transportation policy point of view. This is because each new immigrant (usually an adult) equals one new driver instantly, whereas in normal population growth — by birth — each new person represents a new driver in 16 or 18 years.

Clearly, any policy that seeks to solve road congestion by increasing the cost of personal auto travel must demonstrate that the burdens will not be placed disproportionately on the latest arrivals in the mobility society. Public policies that increase travel costs or otherwise constrain choices "for our own good" will fall most heavily on those only marginally capable of owning and operating a vehicle, particularly minorities. Those for whom an automobile represents a substantial share of their income may not be able to withstand significant increases in vehicle operating costs. Those "last in" may be "first out" when costs rise. Fuel taxes and registration fees tend to be highly regressive.

In addition to increased trip-making, the other factor in highway travel is the shift to the auto away from other alternatives since World War II. The latest survey data (1997) for commuting places transit at about 5 percent of all commuting, down from almost 13 percent in 1960. Walking and working at home garner about 3 percent each, contrasted to 18 percent between them in 1960. Today private vehicle travel amounts to

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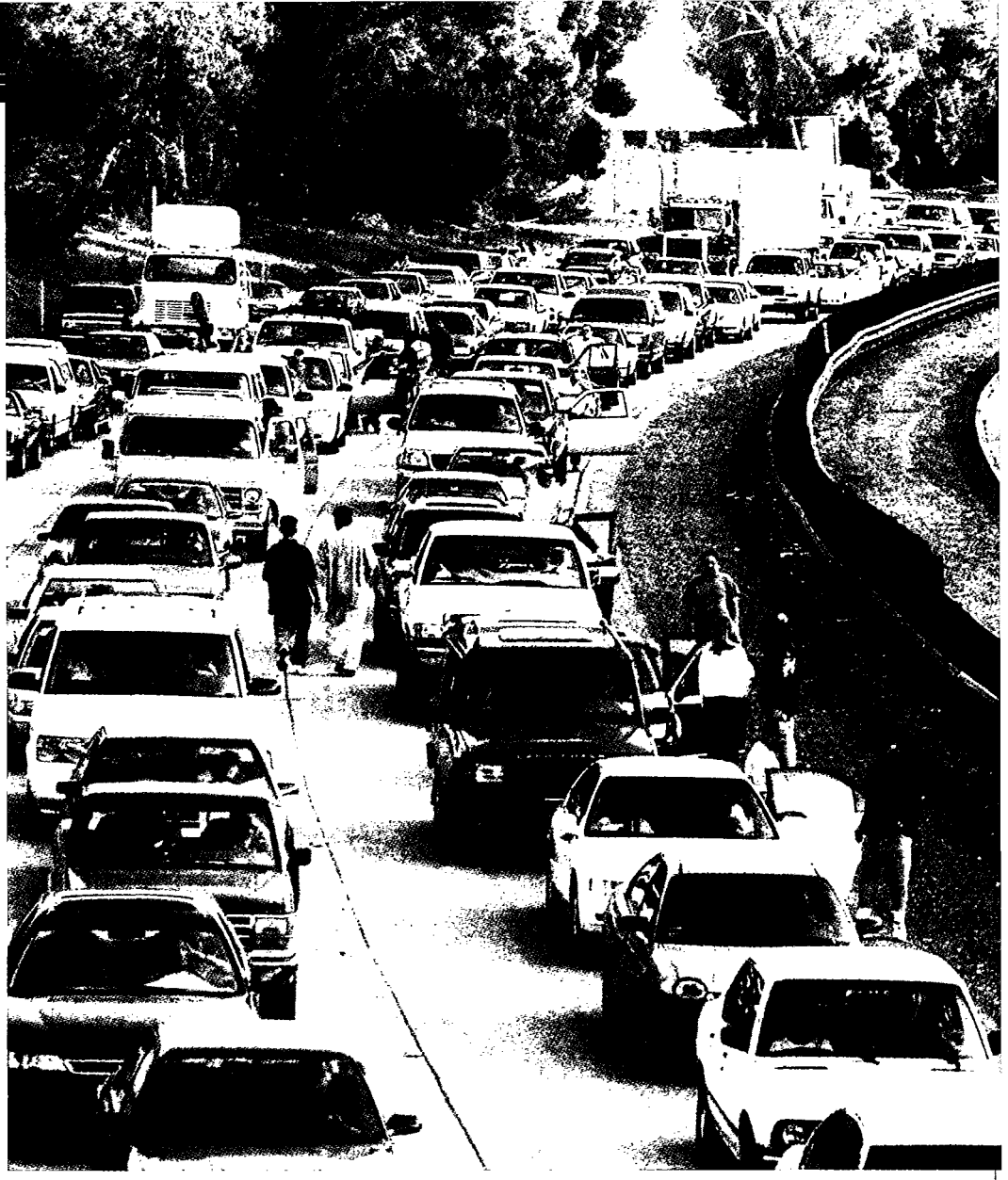
about 88 percent of commuting purposes. For all travel purposes the transit shares are less than 2 percent of travel. Although there have been commendable recent gains in transit use, its main effect has been in helping to maintain its share at around 2 percent.

The national pattern of heavy growth in workers per household, a shift away from a downtown orientation to suburb-to-suburb commuting and other travel patterns, a shift to the personal vehicle away from the alternatives and — most dominant of all — the preeminence of time pressures as the major force in travel decisions all will make mobility increasingly important.

The supply side. From all these factors, it's clear that demand has increased dramatically. But that alone does not create a problem. It's the lack of growth in supply to meet transportation demands that has gotten us into our present bind. And a key factor in holding back supply growth has been the anti-highway revolts and the growth of NIMBYism — the not-in-my-back-yard mentality. This has generated rhetoric that makes mass transit and cars into competitors, even enemies. It is based on the widely held but utterly false belief that if we build enough mass transit, we will not need any more roads. But no serious transportation planner ever thought that transit could provide even a major part of our total needs.



THE FRUSTRATION STRATEGY: Some policymakers cling to the false hope that if we just stop building roads and let traffic get worse, drivers will give up and switch to public transit.

Today, transit carries an average of 2 percent of a metro's traffic, and the most optimistic estimates in a perfect world are never above 10 percent or 15 percent. Yet there is still the belief in the policy forum that if we just stop building roads and let things get worse, we will induce more people into transit. In other words, if we make life miserable for 90 percent of travelers, some of them might switch modes of travel to work. A large part of the planning and public policy world is a constituency for this approach. This is the use of congestion as a tool of public policy. And it could not be a more self-defeating one. This is like solving a lack of food supply by passing out diet books.

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Most of the solutions the planners favor (or can employ) require a highway system serving the public *badly* in order for their solutions to work: car pools, transit, walking, biking. In fact, even if we did everything proposed by the anti-car groups, including high-density smart growth in transit-oriented communities, we would have addressed only between 10 percent and 15 percent of the passenger problem and none of the freight problem. There remains a "residual" 85 percent to 90 percent that must be highway-oriented.

The future. It is clear that we must address congestion with every available means. Besides all the personal frustrations and environmental problems it generates, there is a heavy economic

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Not-So-Fast Lane

cost as things slow down, fuel is burned, time is wasted, and pollution is increased. Just about everything we consume costs more because of congestion.

Another inescapable outcome of declining levels of efficiency in our highway system is a continued centrifugal force sending growth to the periphery of the region, where there is always some ambient capacity. If we squeeze consumers and commuters with policies (such as high density growth) in the hope that they will do what "we" want, they will in fact do what "they" want: move to the region's edge.

What should be our policy responses? First we must recognize the failure of a public policy that tries to force people from their cars. We have to treat the public like adults who are capable of making rational decisions about meeting their own social and economic needs rather than recalcitrant adolescents who are to be treated more like patients than customers.

We should have mass transit compete in terms of quality, making it and all the other alternatives to the auto better, rather than trying to make travel by auto worse. Perhaps the greatest role for transit will be serving those without cars, mainstreaming the poverty-level populations, and getting central city workers to suburban jobs. In the dispersed living patterns of the future, transit might mean privately operated taxis, vans, and jitneys more than subway trains.

We need to reform the planning processes. If we could all agree on a transportation project today, in most cases it would be 10 years before we saw anything on the ground to ease our problems. Congress asked for streamlining review and approval in the last legislation authorizing the surface transportation program, but in fact the process has gotten worse rather than better since then. A better environment must be a major goal of the process, not an obstacle to progress. But it must accompany the goal of sustained mobility. Most environmental progress in transportation will come from technical improvements in vehicles, fuels, and operations rather than in "reforming" the behavior of wayward citizens. New intelligent transportation systems (ITS) can make major contributions here.

FEW TAKERS: Subways and other forms of public transit account for only about 2 percent of metropolitan travel.

We need to address the amount of time and money it takes to build just about anything these days. Around the clock construction is one way the public can buy faster response. We need to focus on creating some rigor in our decision processes: better data about needs and trends; better economic justification of our needs; better quantification of costs and benefits. The process now fueled by advocacy and litigation needs more rigor and less debate. Decision-making and ratification are now so slow and so susceptible to obstruction that any significant level of growth falls behind demand in a relatively short time.

Yet after all the management and conservation improvements, we still need a strong core of capacity expansion. A more positive spirit is needed that seeks public actions to make things better for everyone, not just for our own back yards. Those who argue that it doesn't pay to build a road because "it just fills up again" should test that argument on libraries, schools, and hospitals — or mass transit. If a school's capacity is doubled and it still appears full, we recognize that we are serving many more students with the new facility.

Finally, we need to recognize that after all the efficiencies in construction, maintenance, and operations are gleaned, we still will have to pay more for a first-class transportation system. Putting money into the transportation system is an enabling act that rationalizes our investments in homes, offices, farms, factories, and vehicles. The costs of a first-class system are less than the costs of wasted fuel, lost time, and squandered opportunities inevitable under an inefficient system. An effective system will pay for itself in saved lives, saved time, saved tempers, increased social and economic opportunity, and an improved environment. ◆

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HOT

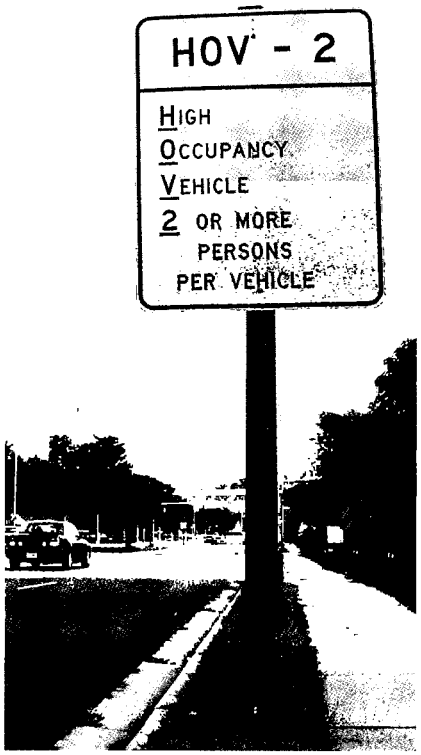
Tolls and technology can save HOV lanes from extinction.

by **Ed Kilgore**

High-occupancy vehicle (HOV) lanes spread throughout most of America's largest metro areas in the 1980s and 1990s as an effort to encourage commuting by carpool and bus. But years later, the common sight of little-used HOV lanes adjoining jammed "regular" lanes is creating a backlash, with lane restrictions being loosened or eliminated in five states.

There's a better idea for dealing with this problem than eliminating HOV lanes: transforming them into high-occupancy/toll (HOT) lanes. The idea is to open up underutilized HOV lanes to toll traffic. This reduces traffic congestion in the "regular" lanes, generates revenues for transportation and pollution-control projects, and provides an option for commuters who are willing to pay not to sit in traffic for hours.

HOT lanes are currently operating in three parts of California (San Diego, Orange, and Santa Cruz counties) and in Houston. HOT lane projects are under active consideration or development in nine other states.



FROM HOV TO HOT: Opening high-occupancy vehicle lanes to toll-paying traffic can ease congestion and generate new revenue for transportation projects.

Typically, HOT lanes are only open to toll traffic when there's plenty of space. (HOV traffic, including buses, get free use.) Tolls vary based on congestion to ensure that traffic continues to flow smoothly. The simplest way to create a HOT lane is to build electronic tollbooths and let drivers pay without stopping by means of prepaid "smart cards" or "smart tags." In California, both HOV and toll users obtain state-issued electronic "transponders" that register use and prepaid tolls, avoiding the traffic delays involved with toll booths.

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There have been two objections to HOT lanes wherever they have been considered. The first is that they create a commuter class system. Opponents invariably paint a picture of rich suburbanites speeding to work in their "Lexus lanes" while regular folks suffer in highway steerage.

Actually, HOT lane tolls tend to be fairly democratic. In San Diego, they are as low as 50 cents in low-congestion periods; in Orange County, they start at 75 cents. And it's regular folks, not the privileged, who most often are willing to pay a cheap toll in order to get to work on time or to a day care center before it closes. Studies in both California and Texas found a representative mix of high-end, midrange, and clunker cars using the HOT lanes. Moreover, getting cars out of the regular lanes speeds up the commute for everyone else — with HOT lane drivers paying the freight.

The second objection often raised against HOT lanes is that they represent surrender to Americans' stubborn determination to commute alone in their cars. According to this line of reasoning, HOV lanes should be limited to their original purpose until commuters entangled in traffic give up and either use public transit, carpool, or move closer to work.

Indeed, Maryland Gov. Parris Glendening relied on both these objections in June 2001 when he ordered the state transportation department to stop *even thinking* about HOT lanes.

HOV-only lanes clearly aren't working in most metropolitan areas, and stubbornly maintaining them to the distress of commuters will not reduce pollution, traffic congestion, or sprawl. More likely, the opposite will occur as commuters demand revocation of HOV lanes or construction of new "regular" highways.

HOT lanes could actually save the HOV experiment by moving traffic onto underutilized roads. Many cities are already resorting to toll roads to regulate traffic and generate revenues. In effect, HOT lanes simply create toll roads where HOV traffic, including buses, carpools, and vans, get a free ride.

At a time when Americans are spending too much time in traffic, HOT lanes are an immediate way to help working families function. Every city with empty HOV lanes should try the idea. ●

Ed Kilgore is policy director of the Democratic Leadership Council.

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A New Economy Strategy for Reducing Congestion

Teleworkers who avoid the commute are more productive.

by **Brad Allenby**

For years, teleworking has been one of those peculiar pieces of cultural detritus that seems to be always on the verge of becoming real but never quite making it. Breathless articles about extreme teleworkers who log in daily from huts in Bali or sidewalk cafes in Paris are balanced by newspaper tales of telework tragedy describing ex-employees who attempted it and have recovered only after therapy, divorce, and job changes. Lately, however, the volume and the profile of the telework discussion have been raised, leading to the obvious question: what, if anything, has changed? Is telework — a broader concept than telecommuting, embracing alternative work arrangements and a redefinition of the existing boundary between work and the rest of our lives — a serious policy option and, if so, what are some of the implications? And what is its impact on transportation policy?

To begin with, telework is much more prevalent than many suspect, in large part because it has up until now been a fairly informal practice in many firms. At my company, AT&T, we have a long-standing, high participation in telework: more than 55 percent of the managerial workforce telework at least one day a month; more than 25 percent telework at least one day a week; and fully 11 percent work full time in virtual offices.

Telework represents a technological system whose economic, social, and environmental benefits are strong enough to overcome managerial and cultural barriers dating from the old economy. Our surveys at AT&T demonstrate that teleworkers are more productive, reporting 7.5 productive hours per day when working from home, versus 6.2 when working in the office. Moreover, 72 percent of teleworkers report being more productive not just on a per day but on a per hour basis as well. Not only productivity, but personal satisfaction increased as well. Last year 84 percent of AT&T teleworkers reported that they were better able to balance work and family life; 78 percent believed that telework showed that the company cared about its people; 71 percent reported that they had more personal time because their commuting time had been reduced.

For the company, the benefits are tangible and measurable. In 2000, we estimated annual economic benefits of $100 million in increased productivity, $18 million in decreased employee turnover, and $25 million in reduced real estate costs — significant competitive benefits from telework.

The increasing desire of employees, especially in the NexGen and GenX cohorts, to balance their lives with the greatest degree of choice has trumped management's traditional focus on "time at desk." This is especially true among the highest value knowledge workers. Younger employees work very hard, but they tend to regard 70 hour office workweeks as a ridiculous measure of performance. We've also found that the social benefits of telework do not stop with the employee: eight out of 10 family members view telework favorably.

It is, of course, undoubtedly true that some employees feel stressed and overwhelmed by working at home. The response to that is simple: Telework is

> "We estimate that last year AT&T **teleworkers** avoided some **10 million miles** of commuting, much of it in **congested areas** with air quality problems."

Telecommuting, as it has traditionally been called, is a simple substitution of information infrastructure for unnecessary transportation. Congestion represents a gap between supply — transportation infrastructure — and demand — the number of miles people want to travel at a particular time. Telework is a demand-side technology to reduce this gap.

Brad Allenby is Environment, Health and Safety Vice President, AT&T, an adjunct professor at Columbia University's School of International and Public Affairs and the Princeton Theological Seminary, and a Batten Fellow at the University of Virginia's Darden Graduate School of Business. The opinions expressed are the author's and not necessarily those of any institution with which he is associated.

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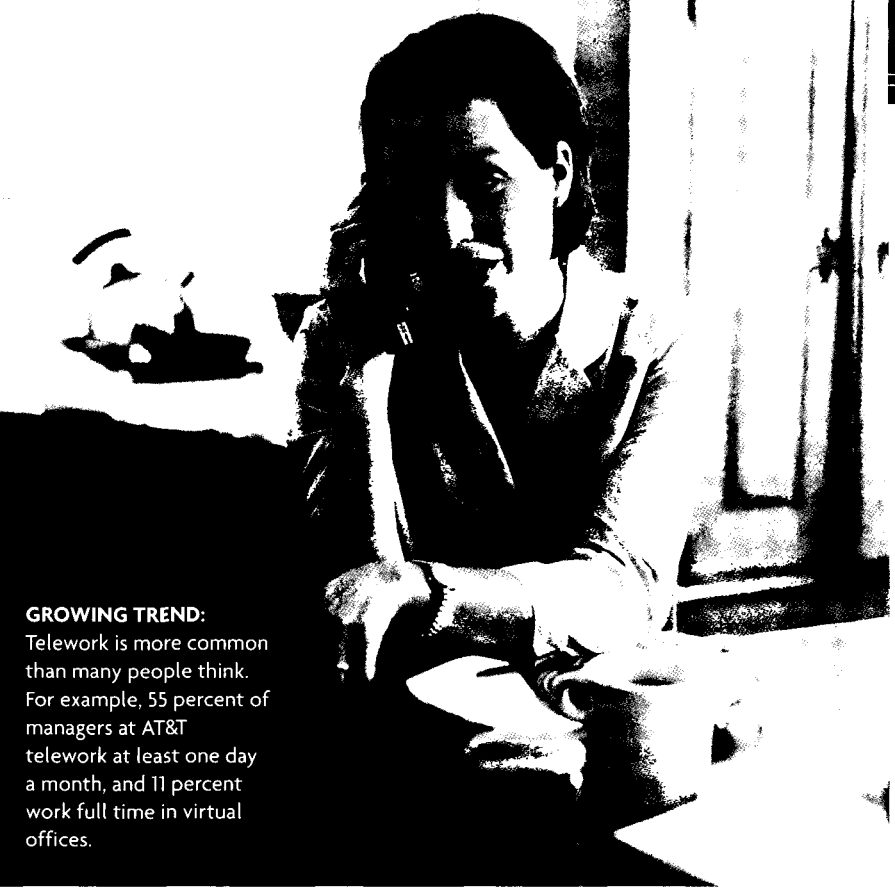

GROWING TREND: Telework is more common than many people think. For example, 55 percent of managers at AT&T telework at least one day a month, and 11 percent work full time in virtual offices.

not for everyone or for every family situation. It does not magically allow one to combine work with child care or eldercare. Our data clearly show a high employee preference for increased telework — but the program must be designed carefully and supported by appropriate training, intranet tools, tech support, and the like. Moreover, unless teleworking is clearly made part of the job description from the beginning, it should be voluntary.

The transportation and environmental benefits of telework are also apparent from our data. We estimate that last year AT&T teleworkers avoided some 110 million miles of commuting, much of it in congested areas with air quality problems such as Atlanta, Los Angeles, Phoenix, suburban New Jersey, and Washington, D.C. Not only did this shave peak demand for transportation infrastructure, but it reduced potential emissions of carbon dioxide by 50,000 tons, with concomitant reductions in other hydrocarbons and nitrogen oxides as well.

The policy issues raised by telework also can be broken down into these two categories. Appropriate technology is critical; two of the top three barriers identified by AT&T managers to increased telework are technological. The single most important barrier, reported by 47 percent in the 1999 survey, was the inadequate availability of broadband connectivity to the home. Especially in a knowledge economy, where many employees are working with large amounts of data and big files, lack of broadband is frequently the single factor preventing telework. Similarly, 34 percent reported that a lack of technology (including the costs of outfitting a home office and providing technical network and software support) was a substantial barrier.

Other concerns about telework, such as perceived loss of control by management and a loss of contact with fellow employees, appear to diminish with experience and with the establishment of a critical mass of teleworkers. For example, 27 percent felt reduced visibility was a major problem in 1999; by 2000, the figure was 16 percent. Similarly, 28 percent reported that a loss of camaraderie was a problem in 1999, but only 15 percent did so in 2000.

But telework represents much more than just an incremental change in the way work is done. Like other recent workplace developments (casual work wear, for example), it is evidence that the old economy model — upon which much current law and policy is based — is out-of-date. It presupposes a clear boundary between the workplace (the factory floor) and the non-workplace (the family home), which is increasingly inapplicable. Is a virtual office in a home, for example, the responsibility of the employee, or is it an extension of the firm? Is it subject to business zoning requirements, various labor laws, and the regulations of the Occupational Safety and Health Administration (OSHA) and the Americans with Disabilities Act? Should we give a federal tax credit for the cost of setting up a home office to encourage telework? If an employee is working at 11:00 p.m. in the proverbial San Francisco café and hurts herself, is that injury covered by workers' compensation or not?

These questions have not only national but international implications. Obviously the nations that first understand this profoundly changing workplace model, and adapt their legal, regulatory, and industrial practices to reflect it, will achieve significant competitive advantage in a globalized economy.

AT&T's experience leads to three important policy conclusions. First, telework is an important element of a unified transportation policy and, properly implemented, returns economic, environmental, and social benefits. Second, an important policy goal should be to achieve widespread penetration of broadband to the home while creating incentives for the rapid spread of technology platforms. Third, existing policy structures that presuppose an old economy boundary between the firm and employees, both on a spatial and temporal basis, should be re-examined.

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Telework is not just a matter of reducing congestion and creating higher quality of life. It is also an important enabling technology in a globalizing economy where knowledge and intellectual capital are increasingly the measure of a country's overall economic competitiveness. ◆

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Getting Smart

Behind the Wheel

A primer for "intelligent transportation systems" to help drivers avoid bottlenecks and locate destinations.

by **C. Kenneth Orski**

Intelligent Transportation Systems (ITS) use advanced computer, electronics, communication, and information technologies to manage and operate surface transportation. There is no clear point in the evolution of these technologies that marked the birth of ITS. One could argue that the roots of ITS go as far back as the late 1960s when the first modern urban traffic signal control systems were used. However, ITS did not acquire its own identity until the late 1980s, and the term "Intelligent Transportation Systems" came into common usage only in the early 1990s. The Intermodal Surface Transportation Efficiency Act of 1990 (ISTEA), which established a federal ITS program, finally pushed this technology on to the national stage.

After a decade of federally sponsored research and experimentation, the nation has begun to reap some practical benefits from ITS technology:

• Modern sensing devices instantly detect disturbances in traffic flow, thus enabling highway operators to quickly spot accidents and disabled vehicles, dispatch help, and restore normal operating conditions;

• Real-time traveler information systems alert motorists about incidents and special events and advise drivers how to bypass traffic bottlenecks by taking alternative routes;

• Computer-controlled ramp metering systems smooth out traffic flow on freeways by metering merging traffic one *car* at a time;

• Vehicle-based emergency response systems using Global Positioning Systems (GPS) satellite technology pinpoint car location and provide quick response to stranded motorists even if the driver cannot describe his location;

• Smart cards dispense with cash fare collection and speed up passenger boardings;

• Automatic vehicle identification (AVI) systems using GPS satellite technology enable transit operators to monitor and control the movement and regularity of transit vehicles;

• Real-time parking information systems guide motorists to parking facilities with vacant spaces;

• Sophisticated roadway weather monitoring systems alert motorists to unfavorable road conditions and road hazards ahead;

• Traveler information systems enable shippers, fleet operators and individual travelers to make more informed transportation decisions based on real-time information about traffic conditions; and

• Truck weighing and cross-border control can be done "on the fly" using remote sensing technology.

Collectively, these innovations have the potential to enhance the operation of the highway and transit systems. The extent to which extensive ITS deployment could reduce delays due to traffic congestion is still uncertain. Estimates range from 5 percent to 15 percent.

Within the broad field of ITS, three applications have made particularly valuable contributions to enhancing transportation. They are: electronic toll collection, telematics, and wireless location-based technologies.

1. Electronic toll collection (ETC) is by far the most visible application of ITS technology today. Most toll roads as well as all existing high occupancy/toll (HOT) lanes already have converted at least some toll gates to electronic toll collection using debit cards (e.g., E-Z Pass in the Mid-Atlantic region). Benefits of ETC include reduced congestion and shorter delays at toll plazas; more productive toll collection; and the possibility of implementing dynamically variable tolls — i.e., congestion fees that fluctuate in response to changing levels

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of traffic. In a few years, long queues at toll plazas will be just a memory.

2. Telematics — in-vehicle use of electronics and wireless communication technologies — promises to dramatically enhance the safety, convenience, and value of the automobile and hence has become an object of intense interest to the auto industry. While safety and security are the telematics' chief selling points, provision of drive-time entertainment and ability to connect the driver with the outside world are a close second. Motorists want to stay in touch with their offices, their families, and their customers — and they want access to information and entertainment while they are on the road. A wireless connection can make the long hours spent in commuting or stuck in traffic jams seem less painful and more productive. Responding to this demand, car manufacturers are increasingly offering factory-installed telematics systems as standard or optional equipment. They are also providing a growing variety of in-vehicle telematics services, such as real-time information about traffic and road conditions ahead, roadside assistance, turn-by-turn navigation, Internet and e-mail access, and satellite radio with multiple channels of commercial-free news, music, and entertainment.

Proprietary telematics services such as GM's OnStar could well become profitable ventures. By the end of the decade, manufacturing in-vehicle telematics systems and providing telematics services are expected to become a multi-billion-dollar industry.

3. Location-based technologies. The rapid diffusion of GPS technology has given rise to a number of new "location-based" transportation applications. Among them are:

• **Fleet management.** GPS-enabled buses can be accurately located, tracked, and directed to improve their punctuality and to provide real-time arrival information to passengers at bus stops ("next bus coming in 3 minutes!"). Fleet management systems are also used extensively in dispatching and controlling the movement of trucks.

• **Safety and security.** GPS-equipped automobiles can be located with pinpoint accuracy and assisted rapidly in the event of an accident or breakdown. Stolen vehicles can be tracked and more easily recovered.

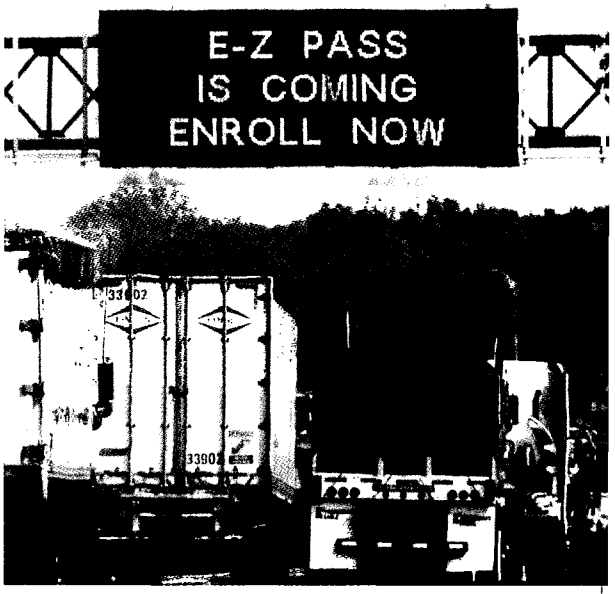
• **Vehicle guidance and navigation.** GPS-based vehicle guidance systems providing turn-by-turn directions are widely used in Japan and are gaining acceptance in Europe and North America.

• **Traffic monitoring.** Cell phone triangulation and "radio camera" technologies are used to track individual vehicle movements on the open highway. The ability to accurately monitor traffic without expensive and maintenance-intensive loop detectors and closed-circuit TV cameras can substantially decrease the cost and extend the geographic coverage of traffic management and traveler information systems.

• **Location-sensitive traveler services directories.** In-vehicle displays announcing traveler services available within driving range ("Gas station at the next motorway exit!") are the newest application, generating much interest within the advertising industry.

With the exception of electronic toll collection, progress in deploying public ITS infrastructure has been modest. According to a recent publication (*Intelligent Transportation Primer,* U.S. Department of Transportation, 2000), only a small proportion of the nation's freeways have incident detection technology installed and only about a quarter have integrated incident response programs. Almost none of the nation's freeway operations are interconnected with parallel arterials. Transit vehicle location technology is still limited to a quarter of fixed-route vehicle systems. While some basic travel condition information is available on the radio in most major metropolitan areas, only 12 percent of key facilities in the top 75 metro areas have route-specific data available.

This comparatively slow pace of ITS implementation cannot be blamed on a lack of federal support. Over the years, successive administrations and the Congress have been funding the ITS program to the tune of more than $200 million annually. The Bush administration's $59.5 billion transportation budget proposal for fiscal year 2002 includes $253 million for the ITS program, an increase of $35 million from fiscal 2001. Included in the total is $61.7 million for research and development and $135 million for ITS deployment. U.S. Transportation Secretary Norman Y. Mineta, in an appearance before congressional appropriations committees, expressed strong support for the ITS program, asserting that technologies such as traveler information systems, emergency response systems, electronic toll collection, and traffic-responsive signal systems will be of enormous benefit to the traveling public. ●



STREET SMARTS: Electronic toll collection, such as the Mid-Atlantic region's E-Z Pass network, is the most common example of intelligent transportation system technology in action.

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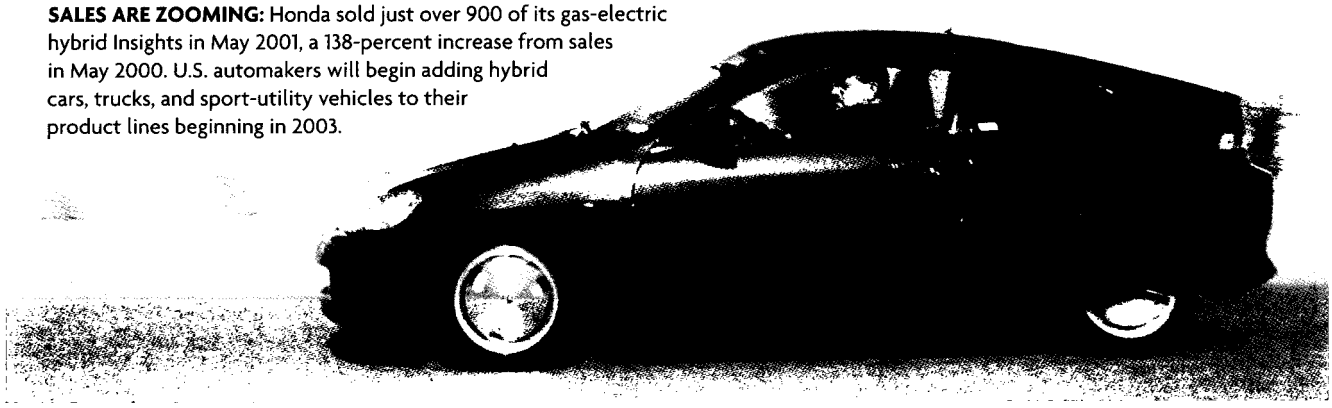

SALES ARE ZOOMING: Honda sold just over 900 of its gas-electric hybrid Insights in May 2001, a 138-percent increase from sales in May 2000. U.S. automakers will begin adding hybrid cars, trucks, and sport-utility vehicles to their product lines beginning in 2003.

Lean and Clean

Government can help speed the transition to fuel-efficient, environmentally friendly cars.

by **Les Jackson**

Across the country people commute to and from work in stop-and-go traffic, wasting millions of hours and gallons of gas and adding stress to the environment. The buying public's love affair with sport utility vehicles (SUVs), which are classified as trucks and thus subject to lower emission and fuel economy standards than cars, has exacerbated these problems. SUVs will account for nearly 50 percent of new vehicle sales in 2001.

The automobile industry, in response to consumer desires and in anticipation of government pressure, is spending vast sums developing more fuel efficient, environmentally friendly power sources. The Toyota Prius and the Honda Insight, the first "hybrid" gasoline-electric passenger cars being sold in America, are a case in point. Both have city driving fuel economy ratings in excess of 50 miles per gallon, and with the price of gas hovering around $1.40 a gallon, they're hot sellers. Both also emit far less pollution than conventional cars.

The Prius and Insight are just the vanguard of a new generation of lean and clean passenger vehicles entering the American market. The big question is whether the buying public will embrace these new technologies. Hybrid car sales may be brisk now, but we shouldn't forget that sales of full-size SUVs soared when gas prices dipped below $1.00 a gallon a few years ago.

This is where public policy comes into play. With public information efforts and the right incentives, government can encourage consumers to buy vehicles that conserve energy resources and pollute less than traditional cars and trucks.

The major automakers consider virtually no power-source technology unworthy of investigation. But they are focusing mainly on alternative fuels, electric power (including fuel cells), and hybrid power.

Alternative fuels. Alternative fuel vehicles have relatively conventional internal combustion engines that run on natural gas, hydrogen, methanol, ethanol, or specially compounded fuels. No costly engine technology research is needed, the fuels are readily obtainable, and emissions are insignificant. The lack of fuel distribution and dispensing networks is the chief barrier to widespread adoption. Switching to alternative fuels would be cost-prohibitive within any reasonable time frame. For the present, such vehicles are best suited for urban fleet use and other niche applications.

Electric power and fuel cells. Battery-powered vehicles have been around since the early 1900s. Power storage limits are the chief reason why they aren't in general use. Current technology makes them practical only for short-distance applications, such as on golf courses and for local deliveries.

All the major automakers have ongoing battery research projects. So far, the most promising new battery material (lithium ion) is only twice as efficient as a traditional lead-acid battery. Vehicles with these new batteries have a range of less than 75 miles and recharging times of between five and 13 hours.

In the mid-1990s General Motors launched the EV1, a battery-powered two-seat passenger car leased through Saturn dealers. But GM put the program

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on indefinite hold due to poor customer response.

Fuel cells, which were first used by NASA during the 1960s, are a more promising technology. They convert oxygen from the air and hydrogen (either in pure form or from common hydrocarbon fuels) into electricity, which then powers an electric motor. When pure hydrogen is used, heat and water vapor are the only emissions. GM built the world's first fuel cell vehicle in 1968.

Materials costs and engineering challenges are the main drawbacks to using fuel cells to power cars. But all major automakers think these problems can be solved in the long term, and all invest heavily in fuel cell research. Many have already built fuel cell demonstration vehicles.

In 1999 major automakers, energy companies, and fuel cell firms joined with federal and California government agencies to create the California Fuel Cell Partnership. It will place more than 50 fuel cell powered cars and buses on California's roads by 2003 in the biggest real-world test of the technology to date. The partnership will also identify fuel infrastructure issues and prepare the California market for this new technology.

Practical, cost-effective, mass-produced fuel cell vehicles are virtually certain to become commonplace in 10 to 20 years.

Hybrid vehicles. Several years ago automakers reasoned that if advanced power systems were a decade away, they needed to develop more efficient, environmentally friendly interim power sources. All of them concluded that gas-electric or diesel-electric hybrids were the best solution.

Hybrid vehicles combine a small, fuel-efficient internal combustion engine with an electric motor whose batteries are constantly recharged by capturing the energy from braking. The Toyota Prius and Honda Insight are the only hybrid passenger cars now on sale in the United States. Automotive writers generally agree that the cars drive in a "seamless" manner, meaning that drivers can't tell which motor is running except by looking at the instruments. More important, neither car has negative driving characteristics.

The Prius seats four, sells for $19,995, and has an Environmental Protection Agency (EPA) fuel economy rating of 52 mpg city/45 mpg highway. (The comparably sized, conventionally powered Toyota Echo is rated at 31 mpg city/38 mpg highway.) The Insight seats two, sells for $22,000, and carries an EPA rating of 57 mpg city/56 mpg highway. Both are classified as super-ultra-low emission vehicles (SULEVs), which means they emit between 70 percent and 95 percent less pollution than the baselines for pollutants set under California's strict environmental laws. Buyers of the cars qualify for a $2,000 "clean-fuel vehicle" federal income tax deduction.

Honda sold 903 Insights in May 2001, up 138 percent from sales in May 2000 and topping the previous one-month record of 573 sales set in April 2001. Honda is launching a hybrid version of the Civic, America's best-selling economy car, in 2003.

The Big Three U.S. automakers are also launching hybrid vehicles as early as the 2003 model year. While all three have built prototype hybrid passenger cars, they are emphasizing hybrid SUVs. A typical SUV that gets 16 to 19 mpg can get 22 mpg or more in hybrid form and emit considerably less pollution.

Policy options. Automakers are more sensitive to environmental concerns than ever before. And they are gradually introducing more fuel efficient and cleaner vehicles to the market, which is good both for the economy and the environment. However, manufacturers can't afford to risk billions of dollars on large-scale production of these vehicles without some assurance that consumers will embrace the new technologies.

Government can help prime the pump. For example, states and localities could launch public-information campaigns urging consumers to give more weight to fuel efficiency and air quality in their car-buying decisions (without playing favorites among brands and specific models). The campaigns could also explain that hybrids and other new vehicles are not "experimental" but, in fact, are well-engineered and reliable. Lawmakers could also expand and publicize existing federal and state tax breaks for clean, fuel-efficient vehicles and exempt owners from tolls and high-occupancy vehicle (HOV) lane restrictions.

Since conventionally powered cars and trucks will not vanish overnight, policymakers could do more to encourage the development and sale of cleaner and more fuel-efficient models. For example, the federal government is now debating whether to gradually raise fuel economy standards for SUVs and minivans. Hybrid SUVs are just part of the automakers' response to the widely anticipated change. They are also improving traditional engines, such as GM's new inline six-cylinder that performs the same as a V8 but is cleaner and uses less fuel. Policymakers could inform consumers about these new vehicles' advantages and encourage sales with tax breaks and other incentives.

The EPA could also help by following through with its proposal last year to strictly limit sulfur in diesel fuel. Clean-burning, high-mileage diesel engines already exist and can be used to power minivans, SUVs, and other vehicles. The EPA also needs to fix clean-air rules that have produced a crazy-quilt pattern of fuel formulations across the country, a situation that contributes to high fuel prices.

On rare occasions, politics, science, economics, and social trends align in a way that fundamentally changes the nation for the better. We are approaching such a point with automotive technology. The politics, science, and economics are in line. The only missing element is broad public desire to make environmental awareness and fuel efficiency key factors in car-buying decisions. Government can help nudge that last factor into place. ●

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Get on the Bus, Gus

Five ways to make public transit friendlier and more efficient.

by **Martin Wachs**

America needs and wants good public transit. We will continue to be an automobile-oriented society, but to maximize mobility and create livable urban environments, we must invest wisely in public transportation. Many people can't drive or choose not to. Public transit gives these people options. Without it, they would have to reduce their travel, depend on people with cars to provide them with rides, or, in the case of those who can drive, to drive when they would rather take transit.

And although Americans say they want better public transportation, they hardly seem to use it when it is available. Nationally, only about 2 percent of all trips are made by public transit, while nearly 90 percent are made in cars. Even walking accounts for 7 percent of all trips. But aggregate national data distort the picture, since transit ridership is concentrated in New York City, Chicago, Boston, Washington, Philadelphia, San Francisco, and Los Angeles. If we want our urban cores to remain healthy and vibrant, transit must play a critical role in their future.

Politicians typically promote transit investments to relieve congestion and improve environmental quality. Yet even major spending has often produced disappointingly small reductions in congestion and environmental pollution. Congestion relief is always complicated by what transportation planners call latent demand. To the extent that a new transit service draws people out of cars, others take advantage of reduced highway congestion to make trips to new locations or at times of day they might have previously avoided. It is naive to hope that transit will substantially reduce congestion.

Similarly, while environmentalists frequently assert that transit improves air quality and energy efficiency, it is easy to exaggerate these benefits. Transit should be provided primarily to enhance mobility and travel, and we should avoid knee-jerk presumptions that any transit investment is automatically good for the environment. A diesel bus is probably worsening air quality when passenger loads are fewer than a dozen riders. Cars pollute most when their engines are cold because their catalytic converters reach maximum efficiency at high temperatures, so people who drive to rail stations are often doing little to reduce air pollution. Furthermore, rail system construction is energy intensive, and trains and buses use a great deal of power that can be efficient only if patronage is higher than it often is.

Paying for transit. Transit expenditures are often divided into two major categories: capital and operating costs. Fares that users pay to ride buses and trains cover roughly 40 percent of daily operating costs and none of the capital costs. Municipal, county, and state governments provide subsidies that cover more than half of the operating costs and roughly half of the capital costs; federal contributions account for half of the capital costs and slightly less than 4 percent of the operating costs.

Federal contributions have long favored capital expenditures because policymakers believe that the federal government should enable local transit operators by supporting their capital investments and that local decision-makers choose wiser capital investments when they are primarily responsible for bearing the recurring operating costs. On the other hand, local elected officials frequently choose to make larger capital investments than are justified by local conditions to take advantage of federal funding. Mayors and county supervisors often seem to prefer light rail and subways to bus transit in part because the former have higher capital costs and are, therefore, eligible for greater federal financial participation. In many cities, including Buffalo, Miami, and Los Angeles, local officials vigorously promoted developing rail transit systems with substantial federal funding. These systems have cost more and carried fewer passengers than forecast, leading to larger public subsidies than anticipated. Society might be better off if less capital-intensive options were chosen where traffic is adequately served by traditional bus lines or by deluxe express buses operating on exclusive busways between attractive stations.

Transit costs a lot because it is labor intensive, with many transit operators devoting three-fourths or more of their

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URBAN ARTERIES: If we want our cities to remain healthy and vibrant, public transit must play a central role in their future.

budgets to wages and benefits. Because transit is traditionally unionized, costs are also influenced by complex work rules. For example, while it might be efficient to have a driver work during the morning and evening rush hours and rest during the middle of the day when demand slackens, union rules often preclude split shifts and require that overtime payments be made when more than eight hours elapse between the start and the end of work. Similarly, many union contracts limit the proportion of work that can be done by part-time drivers. As federal involvement in transit funding grew after 1964, labor costs rose and transit worker productivity dropped as federal worker protection provisions were invoked and increasing public subsidies were used to cover the rising costs. In the last decade, some transit services were contracted out to private operators, and cost efficiencies resulted primarily from lower wage rates and the use of part-time drivers by private contractors. In other areas even the threat to privatize services resulted in new labor agreements that slowed the rate of increase in transit wages and benefits and permitted more cost-effective scheduling of work through part-time workers and more favorable shift arrangements. In recent years, productivity declines have slowed and in some cases have even been reversed.

Five ways to improve public transit. Transit proponents tend to advocate more extensive systems and expensive capital investment in underground rail systems, exotic people movers, monorails, and magnetic levitation trains. But there are no panaceas and little evidence that huge expenditures on new systems are cost effective. Americans already pay more in transit subsidies per ride than do Europeans. In our car-oriented society, there is little reason to believe that more money spent on transit construction will have commuters tossing away their car keys. More subtle and systematic improvement, including better management, is critically needed to improve the health of this important industry.

1. Improve safety and security. People often say that they don't use transit because they fear for their safety while walking to a bus stop or train station or while waiting for or riding the bus or train. Improved lighting, more surveillance cameras, and vigilant policing of transit routes and stops are some of the ways transit operators and public safety officials can address this concern.

2. Concentrate on the most productive transit markets. Transit planners must resist the temptation to serve every possible market and in particular should not spread traditional fixed route services to outlying suburbs where buses run mostly empty and serve a tiny fraction of all trips. Higher-quality service in good transit corridors will benefit more people who need the service and will justify its costs with reasonable ridership responses. Door-to-door services, known as dial-a-ride or smart shuttles, may be more promising in the suburbs than are expensive trains and bus routes. ···›

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On the Bus

3. Use transit fares creatively. In the past, and today in other countries, transit fares have varied by time of day, length of trip, and quality of service (express vs. local, for example), reflecting the fact that different trips have different costs and different values to travelers. But the trend in the United States has been steadily toward flat fares, paid in exact change, that are the same for all trips at any time of day. It would be both more efficient and more equitable to charge fares that better reflect the cost of providing trips. Long trips at peak periods and trips on express buses should be priced higher; short ones and non-peak trips should be priced lower. This would encourage more boardings by the poor and by people who are traveling only a few blocks. Modern fare collection using new smart card technology allows fares to be convenient even when highly variable among different types of transit services. Transit executives believe that complex fare structures will discourage ridership, but airlines have demonstrated that highly differentiated fares can promote increased patronage.

4. Offer reliable and coordinated services. Surveys indicate that transit does not have to travel as fast as an automobile to satisfy its customers, but it does have to be reliable. Consistent, on-time performance counts for a lot. Transit must be easy to use and should not require that passengers engage in complex planning exercises. To maximize efficiency and benefits to communities, transit services need to be better coordinated across city and county lines and better integrated with one another and with other modes of travel. Schedules should be better coordinated at transfer points, for example, and Global Positioning Satellite Systems can be used to provide information at bus stops as to when the next bus is likely to arrive. Devices can be installed that shorten red lights and lengthen green lights as buses approach. This technology has allowed buses to move 20 percent to 30 percent faster in Los Angeles.

FARE IS FAIR? New York City subway riders like this woman pay a flat fare for all trips. Fares that vary based on the time of day, length of trip, and express versus local service would be more equitable and efficient.

5. Coordinate with land use planning. It has become a truism that improving urban environments depends on coordinating land use planning with public transit. Many have argued that transit-oriented development, mixed-use centers, and increased urban densities will attract residents and businesses to central city locations and combat sprawl. It is frequently claimed that investments in transit will lead to urban redevelopment at increased densities. The truth is more modest. To be successful, transit needs the patronage, fiscal support, and operational advantages that come with better-coordinated land use. If people are actually going to be expected to use transit, bus stops and train stations must be closer to concentrations of jobs and at the centers of shopping malls, and pedestrian circulation paths must ease access to transit facilities. Wherever feasible, density bonuses and reductions in parking space requirements should be used to encourage development at transit stops.

The most common mistake made by urban planners is to assume that transit investments will somehow cause the market to bring about land use responses. The market is too constrained by regulations and our society too automobile-oriented for the market to create these changes automatically. Rather, land use must be carefully planned and resources allocated specifically to yield these changes.

Transit needs to be tailored to local situations. One size does not fit all; it is clear that New York and Phoenix have different transit needs. Federal policy should empower cities to be unique and reward rather than penalize innovation. Federal policymakers should promote technological innovations and increased labor productivity in transit through research and demonstration programs, encourage investments in safety and security, and consider eliminating the firewall they have erected between capital and operating expenditures. Each dollar spent on a capital investment is a commitment to spend more funds on operations and maintenance for decades to come, and local governments are often better equipped than federal officials to allocate their funds between these two types of spending. Federal funding should in part be based on the efficiency of local transit systems, rather than on formulas that ignore efficiency.

Transit is clearly an important element of our transportation system. The quality of urban life is dependent on good public transportation. More important than any single technical improvement and more important than increased spending is the need for innovative management, compromise, and commitment on the part of politically appointed boards, professional transit management, and labor unions. Our mobility depends on their leadership to provide attractive, efficient transit services. ◆

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The Triumph of Pork over Purpose

As the federal highway program loses definition, the states should take charge.

by **David Luberoff**

YOUR FEDERAL DOLLARS AT WORK: Traffic backs up on Interstate 610 in Houston. The creation of the interstate highway system vastly increased Washington's influence over transportation decisions at the expense of states and localities.

For at least the past decade, it has become increasingly clear that there is no national purpose driving federal highway and transit funding programs. Instead, a variety of special interests — from contractors and unions to environmentalists and urbanists — have come to view the national highway and transit program as an opportunity waiting to be tapped. As Democrats begin to think about the reauthorization of federal highway and transit programs in 2003, it may, therefore, be time to take a page out of our history and give states and localities primary responsibility for both funding and building highways and transit systems.

For most of our history, in fact, highways and public transportation were a state and local matter. While the notion of a nationally planned and funded transportation system was first proposed by President Thomas Jefferson's Treasury secretary, Albert Gallatin, it was not until the Eisenhower years, when federal funding spurred the construction of the long-planned national interstate highway system, that the national government made transportation a top domestic priority.

By the late 1960s, however, it was clear that the interstate highway program was skewing investment decisions in urban areas because the federal government paid 90 percent of the cost of planned interstate highways. In accordance with the wishes expressed by big-city mayors and business leaders in the 1940s and 1950s, these roads were to extend into the heart of virtually every major city in the country. ›

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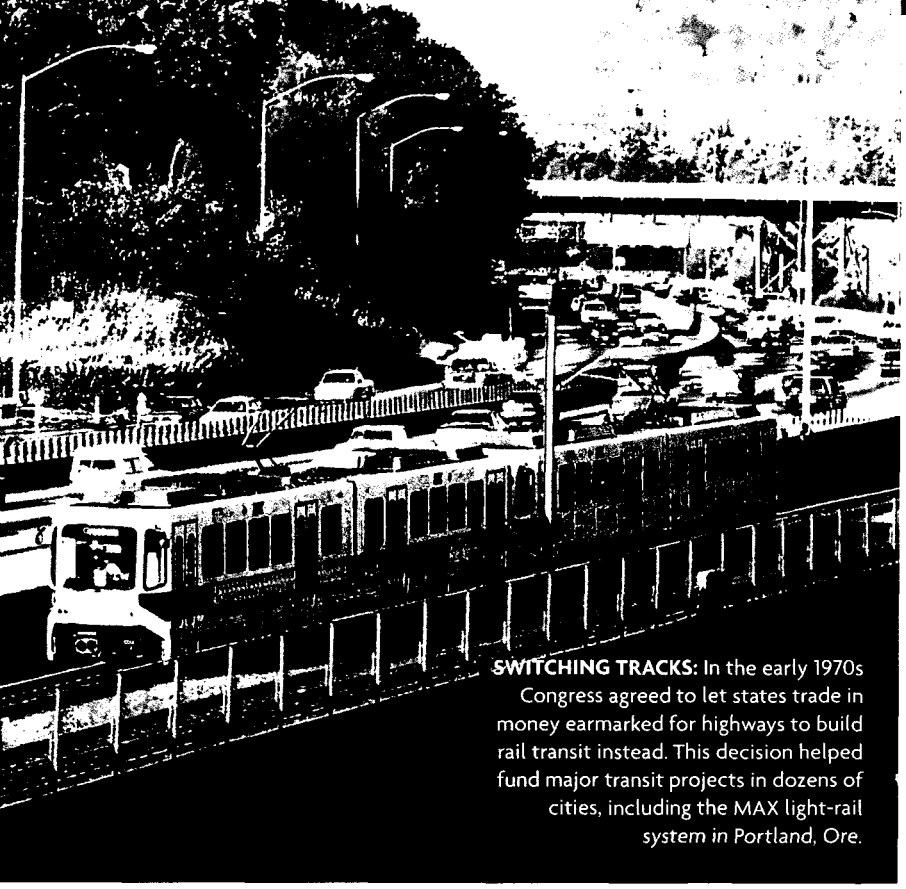

SWITCHING TRACKS: In the early 1970s Congress agreed to let states trade in money earmarked for highways to build rail transit instead. This decision helped fund major transit projects in dozens of cities, including the MAX light-rail system in Portland, Ore.

Pork over Purpose

In contrast, there was little federal aid for other highways and no aid for transit, which had been losing riders at a rapid rate since the end of World War II. Contending that the combination of generous federal aid for highways and no aid for transit distorted local spending decisions in favor of unacceptably disruptive roads, a coalition of big-city mayors, transit advocates, environmentalists, and anti-highway activists sought to increase funding for transit and give states and localities more flexibility in how to spend money allocated for interstate highways. Pro-highway forces initially resisted these efforts, but by the mid-1970s key highway advocates came to believe that unless they made peace with transit advocates, the entire highway program might collapse. Consequently, in the early 1970s highway advocates not only backed significant increases in federal funding for transit but also agreed to provisions allowing states to trade in money earmarked for highways to build rail transit instead. (This latter provision helped fund major transit expansion projects in dozens of localities including Boston, Washington, D.C., Chicago, and Portland, Oregon.)

This uneasy alliance has endured for over three decades, and it has proved to be extraordinarily powerful. Indeed, it is so powerful that federal funding for highways and transit generally has risen steadily even though the interstate highway system, which spurred the vastly increased federal role in highways (and indirectly led to the federal transit programs as well), has been virtually complete since the early 1980s.

Post-interstate policies. As the interstate highway program has wound down, federal highway and transit programs have slowly become transformed into a hodgepodge marked by three sometimes conflicting phenomena.

First, funding formulas have been slowly converging on a point where each state's share of available highway aid is about equal to the share of federal gas taxes raised in those states. This is an important shift from the initial interstate legislation, which (in contrast to most federal programs) generally subsidized the construction of interstate highways in Northeastern and Great Plains states while generally shortchanging Midwestern and Southern ones. To date, however, transit legislation has yet to follow similar patterns, largely because most transit riders are concentrated in a handful of cities. Representatives of many Sunbelt states, however, have been pressing for greater "equity" in the distribution of transit funds — a fight likely to intensify during the drafting of a new highway and transit act. The measure is generally known as TEA-3, in keeping with the names of its two predecessors, TEA-21 (the Transportation Equity Act for the 21st Century, which passed in 1998) and ISTEA (the Intermodal Surface Transportation and Efficiency Act, which passed in 1991).

Historically, Congress has met the demands for funding equity by increasing total spending — a phenomenon strongly supported by those who build highways and transit systems as well as by state and local officials who prefer federal to local funding for projects because it allows them to claim credit for projects without having to justify their costs. TEA-21, for example, authorized spending far in excess of the amounts implied in the landmark balanced budget agreement signed by the Clinton administration and leaders of the Republican Congress in 1997. The law then directed most of the new money to the Sunbelt and Midwestern states that historically had sent more to Washington in gas taxes than they received in federal highway aid. (Not coincidentally, many of those states were represented by Republicans, including several in key leadership posts.)

Second, Congress generally has given states increased flexibility in deciding how to spend available funds. This trend was particularly noteworthy in ISTEA, which eliminated many categorical grant programs in favor of a program structure that now gives states great discretion in choosing how to divide funds between highways and transit and in deciding exactly which projects they will fund.

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(TEA-21 basically retained this structure.) The flexibility, however, still comes with extensive strings — most notably complex and often confusing rules governing the transportation planning process as well as numerous restrictions on exactly how federal aid can be spent.

Third, the general push toward greater flexibility has been tempered by the fact that members of Congress also like to claim credit for specific projects and programs popular among key local constituencies. Consequently, since the late 1980s, members also have used authorizing and appropriations measures to earmark funding for an increasing number of projects. There were only a handful of such earmarks in the 1982 act reauthorizing highway and transit laws, but the 1987 measure contained funding for about 150 specific projects —one of the rationales President Reagan cited in his unsuccessful veto of that law. In contrast, no one blinked an eye when ISTEA earmarked money for more than 500 highway and transit projects or when TEA-21 included more than 1,800 earmarks.

In addition to earmarking for specific projects, ISTEA and TEA-21 also included a raft of new spending programs aimed to please a variety of constituencies. Most notably, both laws included a "transportation enhancements" program requiring states to spend a portion of their federal aid on cultural, aesthetic, and environmental projects such as the restoration of historic transportation facilities, bike and pedestrian facilities, landscaping and scenic beautification, and the mitigation of water pollution from highway runoff. While the question of whether such projects ought to be a national responsibility is debatable, politically such provisions expanded the traditional coalition in support of highway and transit laws to include a host of new constituencies, such as environmentalists, preservationists, and new urbanists.

Congressional earmarking and the creation of small, targeted programs, of course, are both longstanding traditions and ones that can serve a good purpose if they are used in the service of larger policy goals. Daniel Patrick Moynihan, for example, reportedly secured support for ISTEA's important programmatic changes by agreeing to back the law's many earmarked projects. (Moynihan was no fool, of course. He also made sure many of those projects — most notably money to convert the Farley Post Office building into a replacement for Pennsylvania Station — were in New York state.)

But every careful student of legislatures also knows that money for earmarked projects and special programs is not distributed by need or merit but in accordance with seniority and power. And from Tip O'Neill's efforts to make Massachusetts' Central Artery/Tunnel (CA/T) project eligible for interstate funding to Bud Shuster's securing of funding for dozens of projects in Pennsylvania in TEA-21 (and the many measures that preceded TEA-21), highway and transit legislation has never been an exception to this rule.

More important, the prospect of significant federal funding drives states and localities to build projects that they never would undertake if they had to fund even a significant portion of the costs themselves. For example, the funding strategy for virtually every major rail transit project built in the last three decades — from Los Angeles' Red Line to Seattle's current troubled project — has been predicated on securing significant federal funding for those projects because local officials knew that local voters would never have approved local taxes needed to fully fund those projects. Similarly, the CA/T project's advocates candidly admit that they never would have started the project if they thought that Massachusetts would have to pay a large share of its total cost, which has risen from $3 billion in the 1980s to more than $14 billion today. (Indeed, the state now has to pay about 40 percent of the project's costs, largely because Massachusetts, which under ISTEA had been receiving almost $3 in highway aid for every dollar it sent to Washington in gas taxes, was the only state to receive less federal highway aid in TEA-21 than it got in ISTEA.)

Taken together, the press for special projects and programs creates a process that is politically compelling but one that also is far from economically efficient. And that means we either are spending too much on highways and transit or, more likely, that we're not spending the money we have in ways likely to produce significant positive payoffs by either making the economy more efficient or improving the quality of many people's lives.

Returning to first principles. One way to fix the current system would be to seek a national vision akin to the interstate highway program. Some Amtrak advocates have been trying to make the case for high-speed rail lines, but most careful analyses strongly suggest that such lines would attract relatively few riders at extremely high costs. The history of the interstate program suggests, moreover, that over time infrastructure programs marked by a strong national vision will have two important unintended consequences. First, national programs generally aren't flexible enough to respond to local circumstances — as evidenced by the fact that urban interstate highways generally were much larger and more disruptive than highways local officials sought to build in the 1930s and 1940s, before such roads became part of the proposed national interstate highway system. Second, over time national programs are likely to fall victim to creative lobbying by states and localities for projects that primarily serve local, not national needs.

Use the old road. It may, therefore, be time to take a page out of our history and give responsibility for both funding and building highways and transit systems back to the states and localities. This is not a new idea. Rather, in various forms, it's one that has been embraced in the last two decades by a variety of thoughtful scholars. Most notably, in the early 1990s both Alice Rivlin and

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Pork over Purpose

Paul Peterson wrote well-received books arguing that we should devolve responsibility for transportation and education (and cut the gas taxes that fund the former program) to the states and localities while giving the federal government primary responsibility for providing an adequate, well-funded social safety net.

The key to this approach is recognizing that states and localities are engaged in fierce competition for economic activity. Consequently, they have tremendous incentives to make investments in areas that will help them compete — such as education and infrastructure. In contrast, it is much harder for states and particularly localities to fund generous social welfare programs. Why? Because they are likely to attract those who need such programs and because the taxes needed to fund them could drive away more affluent residents.

Even an ambitious devolution plan should retain a modest federal role, funded by a substantially reduced (but not entirely eliminated) federal gas tax. The primary federal role would be to provide some money so that states maintain those roads needed for a nationally connected highway system. To ensure that the smaller federal program isn't abused, however, states and localities should be required to fund the bulk of the work on those roads. Indeed, even if Congress does not pass a full-scale devolution proposal, it should seriously consider requiring states and localities to pay at least half the cost of all federally aided highway and transit projects to ensure that federal funds are being spent as wisely as possible.

There is also a role for continued federal safety, data collection, and research programs, though the latter, like construction programs, should include requirements for substantial matching funds to ensure that only compelling projects are funded. Again there is historic precedent for such an approach. Before the interstate highway program took shape, the federal Bureau of Public Roads, working with state highway officials, used the modest federal-aid highway program to create a rudimentary national highway system, to set minimal national standards for both new roads, and to both collect important data and conduct a modest national research program on future highway needs.

Though economically compelling, proposals to give states and localities more responsibility for funding highways and transit systems generally have run into three major obstacles. First, many governors and mayors have opposed such plans on the grounds that the federal government is likely to return responsibilities without funding. Such objections, however, can be overcome via program design that carefully links responsibility and funding sources.

Second, some advocates for major projects contend that the approach would lead to lower spending on transportation (which they view as a bad outcome) because states would not raise local gas taxes to replace lost federal revenues. The fact that over the past two decades states have regularly increased their gas taxes to fund highway and transit programs — and that many of those increases were approved by voters in state and local referenda — suggest, however, that this argument is spurious. Moreover, if the federal government reduced its share of gas tax, states probably would simply keep the tax at its current level and retain the extra revenues.

Third, some environmentalists believe that since federal transportation funds often come with federal environmental regulations, the loss of the latter would lead states to build projects that should not get built. This too is a spurious argument. Many federal environmental laws that limit construction (such as the Clean Water Act's limits on filling or on air pollution) are not directly linked to federal funding, and many states have strong environmental laws of their own. Moreover, if states have to fund roads themselves, they may be less likely to engage in grandiose schemes that require significant displacement or environmental harm. Finally, politicians who advocate such projects run the risk of voter backlash if the voters decide that such projects' social and environmental costs are too high.

In short, TEA-3 offers a fork in the road similar to the mid-1990s "mend it or end it" debates over welfare. On the one hand, Democratic members of Congress can push for a variety of policies and programs that might improve the current programs. To a large extent, doing so would give them the opportunity to curry favor with some key core constituencies such as enviromentalists, unions, and big-city mayors. Winning such changes, however, also would require a variety of tradeoffs, such as allowing even more earmarking than the pork-laden TEA-21 legislation.

> "In short, **TEA-3** offers a **fork in the road** similar to the mid-1990s **'mend it or end it'** debates over welfare."

Such prospects should convince Democrats that it is time to fundamentally change the federal government's role in surface transportation. We should return decisions about investments in physical capital to states and localities and let the national government take on those issues that it can best address. On first blush, the politics of such a bargain are far from appealing. Yet the issue gives Democrats the opportunity to clearly state that while they believe there are many things that only the federal government can do, there also are many things that it should no longer do. More important, the policy is one that will make life better for the Americans who travel on our roads and take our buses and trains. ◆

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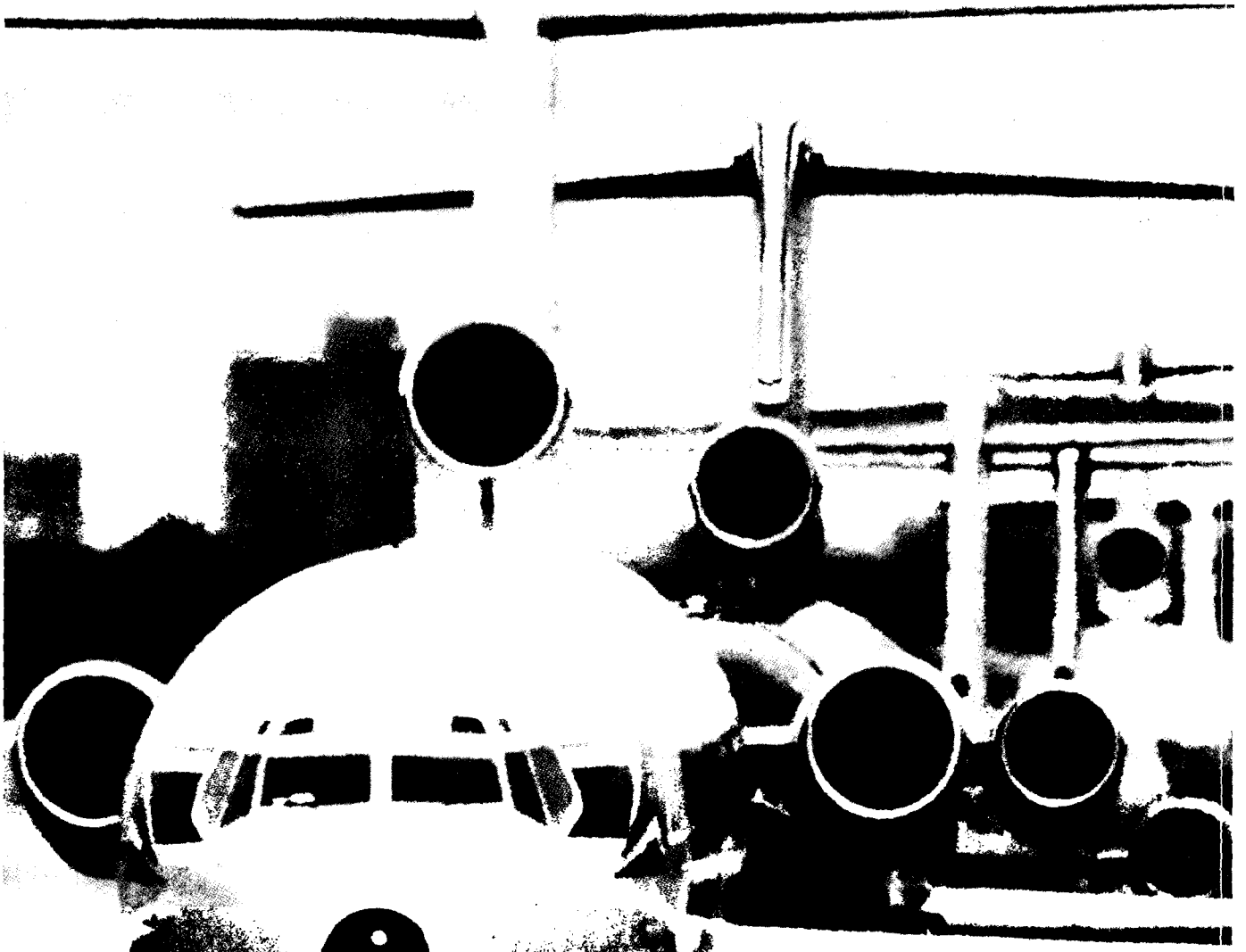

The Ups and Downs of Air Travel

In the air and on the ground, Americans have been hit as never before by an air travel crisis. Flight delays and cancellations cost U.S. travelers and airlines untold billions of dollars a year and give new meaning to the expression fear of flying. While the airlines have contributed to travelers' woes, the system's breakdown rests on flaws in two public functions: the way we operate our airports, and our antiquated system of air traffic control. In the following pages, our authors explain why and how to fix them.

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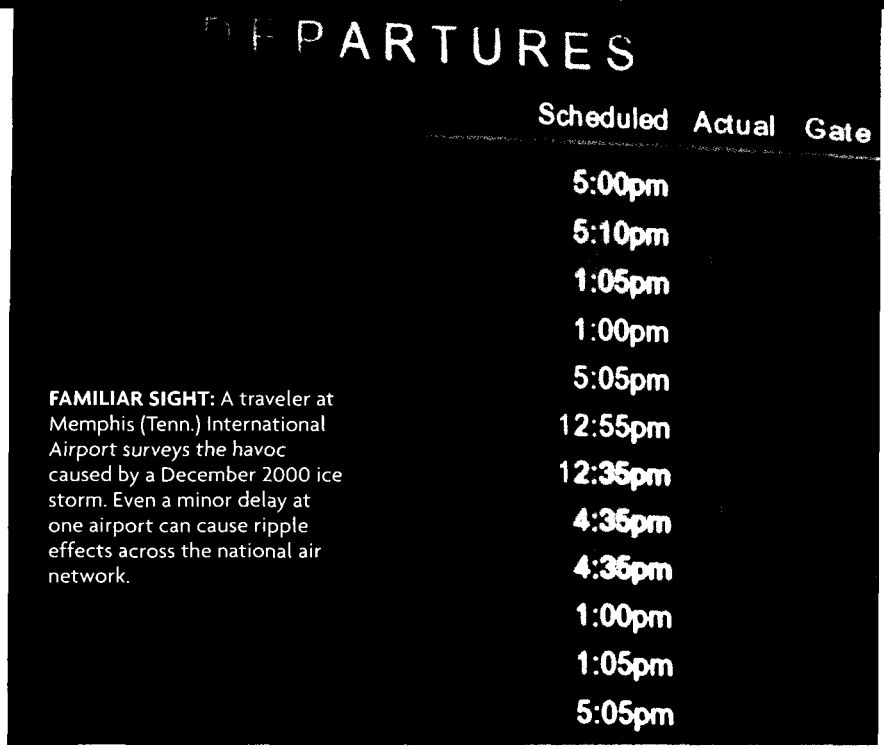

FAMILIAR SIGHT: A traveler at Memphis (Tenn.) International Airport surveys the havoc caused by a December 2000 ice storm. Even a minor delay at one airport can cause ripple effects across the national air network.

Facing Runway Gridlock

It's time to update policies that stretch U.S. airports beyond capacity.

by **Dorothy Robyn**

America's flight delay crisis begins right at the airport. Although the United States has 548 commercial airports, 70 percent of all passengers board at just 31 of them. Twelve airports account for half of all flight delays, and eight (LaGuardia, Newark, O'Hare, San Francisco, Boston, Philadelphia, John F. Kennedy, and Atlanta) are severely congested, according to the Federal Aviation Administration (FAA).

Because congestion grows near-exponentially, small increases in traffic at an airport that is operating at or near capacity can lead to big increases in delays. (Conversely, a small drop in demand at a congested airport translates into a big drop in delays.) Moreover, even a minor delay problem at one airport can cause ripple effects across our national air network. For example, a 10-minute delay for 15 jets approaching Newark one day last year affected 250 aircraft, some as far west as Minneapolis, within 20 minutes. However, all but a few of even the most congested airports have idle capacity at certain hours of the day; like crowded highways and subways, they handle the bulk of their traffic during early morning and late afternoon peaks.

Most people blame airlines for flight delays and cancellations. In particular, they fault carriers for scheduling more flights at peak periods than congested airports can handle. But over-scheduling is just a symptom. The real culprit is outdated government policies: First, the sheer capacity of key airports is insufficient to meet the rapid growth in air travel due to the success of airline deregulation and our expanding economy. Second, flight delays reflect a failure to allocate efficiently the airport capacity that we do have.

Growing demand, limited capacity. Since 1978, when Congress ended federal regulation of airline prices and service, airfares have dropped by one-third (adjusted for inflation), daily departures have more than doubled, and the number of passengers has nearly tripled. In 2000, U.S. airlines transported 694 million passengers on 13 million flights. According to the FAA, by 2010, 1 billion passengers will fly and takeoffs and landings will increase 32 percent.

Despite the predictable growth in air travel (the FAA's 1991 forecast of passenger traffic in 2000 was right on target), the construction of airport infrastructure has not kept pace, largely because of intense, local opposition ("not in my back yard," or NIMBYism). Only one major airport (Denver) has been built in the United States since 1974, and in the last decade the nation has added only a handful of runways at the most congested airports. Although 18 major airports hope to complete new runways by 2010, only two (Atlanta and Boston) are among the eight most congested facilities.

Calling for "50 miles of concrete" — the equivalent of 25 new runways — airline industry and labor officials maintain that we can build our way out of delay. And in response to complaints that it takes longer to build a new runway

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than it did to send a man to the moon, Congress and the FAA are taking steps to streamline federal and state environmental reviews. That will help — but it won't be enough. Some key airports such as LaGuardia are hopelessly landlocked and cannot expand. But the real problem is that most other highly congested airports face intense opposition from local and environmental groups to new runway construction. The NIMBY resistance, far more than government bureaucracy, accounts for the protracted process. Consider a few examples:

Suburban communities near Chicago's O'Hare Airport are up in arms over Mayor Richard Daley's ambitious new plan to add one runway and reconfigure five others. Illinois Gov. George Ryan, who has the last say on local airport plans, opposes expansion of O'Hare in favor of building a new airport in Peotone, 35 miles south of Chicago. Even if the mayor and governor eventually compromise by agreeing to build the Peotone airport *and* expand O'Hare, as some anticipate, it will take at least a decade to implement either project.

In San Francisco, where fog regularly forces the airport to operate with a single arrival runway, local officials are girding for a 10- to 15-year fight to build a new runway that would extend into San Francisco Bay. Environmental groups have vowed to block the proposed construction.

The Massachusetts Port Authority hopes to have a new, 5,000-foot runway for smaller aircraft in operation at Boston's Logan Airport by 2005 — about 10 years after planning efforts began. Because of local opposition, the just-completed state environmental review process took three years and required more than 100 community meetings.

One positive note: a number of former military airfields recently have been converted to civilian use. They include Bergstrom Air Force Base (AFB) in Austin, Texas; Norton AFB in San Bernadino, Calif.; Mather AFB in Sacramento; and England AFB in Alexandria, La. If Congress were to authorize another round of base closures, we would likely see more conversions. The airfields converted to date are in less congested areas and thus will do little to curb nationwide delays. But two former military airfields have potential to reduce long-term congestion: El Toro Marine Corps Air Station in Orange County, Calif., and Homestead AFB near Miami. However, local and environmental groups bitterly oppose the conversion of either facility to a commercial airport.

Existing capacity is poorly allocated. Flight delays reflect not just a lack of runway capacity but also a failure to allocate what capacity there is efficiently. Most problematic is the regulation of airport-landing fees by local airport authorities, in keeping with their understanding of ambiguous and outdated federal policy. Fees are set low, to promote aviation, and based solely on aircraft weight, in part because large planes once were thought to cause more wear and tear on the runway. Thus, a Boeing 737 with 128 seats pays about $305 to land at O'Hare, while a Boeing 747 jumbo jet with 416 seats pays $1,937. Increasingly popular regional jets, most with 50 or 70 seats, pay even less than a 737; 19- and 30-seat turboprop planes and corporate jets pay still less.

In reality, aircraft weight is a poor measure of wear-and-tear costs (what matters is how the weight is distributed). But more important, weight-based fees ignore the far larger delay costs that peak-period users impose on others at a congested airport. These costs are roughly constant for all aircraft: It takes a busy airport about the same amount of time to land a business jet as a jumbo jet. Some small planes actually impose higher delay costs because they are slower in the approach and require more time on the runway to avoid wake turbulence from large aircraft.

Because time-uniform, weight-based landing fees ignore delay costs, they provide little incentive for users to shift flight activity to off-peak hours or less-congested airports, or to substitute fewer flights in larger planes for multiple flights in smaller planes. Predictably, turboprops and regional jets clog prime airports during peak hours, and airlines schedule more frequent flights on smaller planes. Last year, the average size of aircraft that used LaGuardia, New York City's smallest and most congested airport, was a mere 70 seats.

FAA has a major opportunity at LaGuardia. Because of the obstacles to adding new runway capacity, better "demand management" — i.e., allocation of the existing, limited capacity — is the key to reducing delays in the near term. Although the federal government has traditionally opted for administrative approaches to airport demand management, market-based approaches have far greater potential to break through the gridlock.

The FAA is considering both approaches as part of a formal process to respond to excess demand at LaGuardia, and the agency's decision there will set a precedent for other airports. Although experts disagree as to what is possible under existing law, the economic case for market-based demand management is overwhelming. The White House and Congress should encourage the FAA to opt for the market.

1. Administrative approaches to demand management.

• **Queuing.** Except at four airports subject to FAA capacity limits (John F. Kennedy, LaGuardia, O'Hare, and Reagan National), individual airlines decide how many flights to schedule and when, limited only by airport gate capacity. When demand exceeds runway capacity, the FAA air traffic controllers accommodate flights on a first-come, first-served basis. Together with weight-based landing fees, the principle of first-come, first-served means that a passenger-filled Boeing 747 gets no more priority than a corporate jet. Queuing — i.e., rationing by delay — wastes precious airport resources and costs airlines billions of dollars in additional fuel, equipment, and labor. But passengers are the big losers because the cost of delays falls largely on them. ›

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• **Slot systems.** An alternative to queuing is to limit the number of flights that a congested airport can handle and allocate takeoff and landing rights (slots) administratively — e.g., through grandfathering, a lottery, or some other nonmarket mechanism. In 1969, the FAA imposed a quota or slot system at four chronically congested airports: New York's John F. Kennedy and LaGuardia, Chicago O'Hare, and Washington National (now Reagan National). Though intended as a temporary measure, slots became a permanent fixture. Congress voted last year to end slots at O'Hare by 2002 and at Kennedy and LaGuardia by 2007, but persistent delays have led some in Congress to reconsider the approach.

Although slot systems (also known as flight caps) may be preferable to queuing on a limited basis, they have major defects. First, scarce runway capacity does not necessarily go to those who value it the most. Second, because slots are given away for free, the airlines capture the increased profits that scarce capacity generates (what economists call "scarcity rents"). Any mechanism that limits access to a popular airport will raise fares because passengers will pay a premium for a scarce resource. (In effect, passengers pay higher fares to escape the aggravation and waiting costs that congestion creates.) But if slots were auctioned instead of given away, government (local airports or the FAA) rather than airlines could capture this revenue and use it to finance new capacity. Finally, slot systems limit new entry and discourage competition. At the four slot-controlled airports, incumbent airlines have used a variety of techniques to keep slots from going to low-fare carriers that seek to compete on profitable routes. The FAA has tried to discourage these practices but with little success.

• **Minimum aircraft size requirement.** Another administrative approach is to restrict access of smaller aircraft to congested airports (but with no cap on flights). This approach is more efficient than queuing or slots, because larger aircraft generally place a higher value on access to a congested facility. But it is a needlessly blunt instrument, because it bars small aircraft operators who would be willing to pay for the high cost of access.

2. Market-based demand management and efficient pricing of runways. Market-based policies would address the fundamental problem — not just the symptom — by charging airport users the economic cost of runways, including delay costs. Like pollution, delay is a classic example of a negative "externality" — that is, a spillover cost to some caused by the actions of another. Efficient pricing of runways — achieved either by charging higher landing fees during peak periods ("congestion pricing") or by auctioning off takeoff and landing slots — would force airport users to "internalize" the costs they impose externally. (For simplicity, the discussion below is limited to congestion pricing, but the economic effects of an auction would be the same.)

This is not a radical concept. Businesses use congestion pricing routinely to allocate perishable products characterized by cyclical demand — e.g., "early bird" discounts at restaurants and movies, rush-hour surcharges on taxi fares, and peak-load electricity pricing. Similarly, congestion pricing of runways would smooth demand and allocate peak capacity to users who value it highly enough to pay its real cost.

Granted, congestion pricing might lead to slightly higher fares for peak-period flights at some airports. But passengers who value peak service would pay for it, and those who don't would shift to off-peak flights and benefit from lower fares. Most passengers would be better off because their total travel costs — airfares plus delay costs — would drop significantly. In a recent update of their earlier Brookings Institution study, Stephen A. Morrison and Clifford Winston calculate that congestion pricing would generate about $7 billion in annual net benefits — largely from reduced passenger delays.

Airline claims that congestion pricing would significantly raise fares are not justified. At slot-controlled airports, airlines now capture the monopoly profits that scarce capacity generates, as noted earlier. The imposition of congestion pricing, in place of slots, would serve largely to transfer those profits from airlines to organizations responsible for providing new capacity (airports or the FAA), with little or no effect on fares. At non-slot-controlled airports, congestion pricing (like slots) likely would result in only modest increases in fares: The goal of congestion pricing is to affect the *marginal* user (e.g., a turboprop plane that could just as easily fly off-peak), not the *average* user (e.g., a passenger-filled 737); and that can be accomplished with a modest fee. Moreover, because of the physics of congestion, it takes just a small reduction in peak operations to get a big reduction in delays.

> "Because of the **physics of congestion**, it takes just a **small reduction** in peak operations to get a **big reduction** in delays."

In addition to allocating scarce capacity efficiently, congestion pricing of runways would give airport operators the correct signals regarding when and how much to invest in additional capacity. Under the current approach, which treats runway capacity as though it were a free good, users will always want more.

Last and perhaps most important, the revenue from a congestion fee could be used to finance new capacity. Thus, any increase in fares from a properly constructed congestion pricing scheme would go directly toward solving the underlying problem. By contrast, with slots and other administrative approaches, airlines reap the rewards

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from the capacity shortage and the problem persists.

In fact, since some airports have monopoly power, the federal government should require that the revenue from congestion fees be used to expand capacity — or else returned to airport users in the form of lower off-peak fees. However, "capacity expansion" should be defined broadly to encompass development of nearby secondary and reliever airports as well as the pursuit of large-scale, expensive efforts to overcome NIMBY opposition, such as buyouts of entire neighborhoods (as was done in St. Louis and Dallas-Ft. Worth), ground transportation improvements to reduce airport-related highway congestion (part of Mayor Daley's plan for O'Hare), and targeted conservation initiatives (e.g., to soften environmentalists' opposition to San Francisco's proposed runway).

Limited experience suggests that pricing of runways works. For example, in 1988, the Massachusetts Port Authority raised landing fees on general aviation aircraft to decrease delays at Logan Airport. Although DOT eventually disallowed the fee schedule as discriminatory, it worked as intended: General aviation abandoned Logan for secondary airports, rather than pay the higher fees, and delays at Logan declined significantly.

Building new airport capacity is an essential but long-term strategy for reducing flight delays. In the near term, we need to allocate better the capacity we have. Market mechanisms — specifically, economic pricing of runways through congestion fees or auctions — have three great virtues. They ensure that scarce capacity goes to those who are willing to pay its real cost. In addition, efficient prices guide investment by signaling when and how much users value additional capacity. Finally, the resulting revenue goes to create that new capacity and thus reduce the underlying shortage.

The airline industry took off when Congress lifted administrative controls and let market incentives work. It is time to complete the process by extending those same sound principles to airport infrastructure. ◆

The Crisis Behind

Air Traffic Control

How to use modern technology to maximize our exisiting air space.

by **Robert W. Poole & Langhorne Bond**

BREAKING POINT: Air traffic controller errors have risen 51 percent over the past five years.

Airline deregulation has become a victim of its own success. By opening up the air travel market to competition in 1978, the Carter administration democratized air travel, making it affordable to average Americans as an everyday, mass-market experience. The Federal Aviation Administration (FAA) recently forecast that 2010 will be the first year with 1 billion air travelers, up 50 percent from today. Yet, as every air traveler knows, we are already in the midst of a capacity crisis.

The crisis manifests itself in the air and on the ground. In 2000, 27 percent of all airline flights arrived late, with an average delay of 50 minutes. The number of flights with taxi-out times of one hour or more has increased 130 percent during the past five years, to 40,000 flights. Weather-related aviation gridlock is as common as commuter gridlock in our major cities. And, in matters of safety, air traffic controller errors have increased 51 percent over the past five years. Our stressed, 1950s-style air traffic control (ATC) system cannot keep up with leapfrogging demand.

While airport congestion is a key part of the problem, reforming ATC is critical if the nation's airways are to stay safe and become efficient. Yet reform, now decades overdue, has been blocked by political considerations that have caused the United States to fall behind many other nations' ATC systems. It's time to break the deadlock over gridlock.

The truth is that our national airspace — one of the world's greatest, with 3.5 million square miles — is large enough to handle the new capacity demands. It is our inability to use that space with modern technology and

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Air Traffic Control

efficient, market-oriented ATC that is causing our crisis.

The problem lies in the nature of the American ATC system run by the FAA. It was not deregulated along with the airlines in 1978 and remains slow-moving, bureaucratic, and tax-funded. The ATC system still uses a 50-year-old design to carry out its mission of keeping planes from running into each other. It does this by constraining their flight paths to a limited number of airways across the country, with a controller on the ground giving minute-by-minute instructions to the pilot by voice radio.

This approach fails to make full use of today's satellite-tracking technology, modern communications, and new information-processing capabilities. We should move to a so-called "free flight" approach in which pilots use the latest capabilities of the Global Positioning System to make their own decisions about where to fly, how to avoid storms, and which routes to follow to their destinations, with backup assistance from air traffic controllers. Airspace over military installations and even over Canada can and will be made available. But by failing to adopt new yet well-established technologies, we have created an artificial scarcity of airspace capacity, when this resource ought to be abundant.

> "By failing to adopt new yet **well-established technologies**, we have created an **artificial scarcity** of airspace capacity, when this resource ought to be **abundant.**"

The FAA's shortcomings have been well known for at least a decade. It is a government bureaucracy unable to respond nimbly to changing circumstances. It has little direct accountability, no hiring flexibility, and no ability to make costly, innovative and absolutely essential technological investments. In addition, it suffers from the political appointment mentality: The FAA administrator is appointed for an unbreakable five-year term and kept in the job regardless of performance — a practice no other high-tech service business would tolerate. The solution is to create an independent, self-funded federal corporation, much as has been done in Canada, Great Britain, Germany, Switzerland, and Thailand.

First, a caveat. The FAA is currently in two entirely separate businesses: air safety and air traffic control. The safety function — regulating equipment, administering flying hours, investigating accidents — is properly a government function and should remain so. It is complex, politically sensitive, and highly public. Like the safety regulation of food, drugs, automobiles, and cars, there is a strong moral case for government control of air safety. In spite of occasional bashing by the media, the FAA does a good job of regulating safety.

It is the air traffic function that should be spun off into a separate, highly accountable nonprofit corporation. The FAA, like any government body, is by its nature poorly suited to run a high-tech service business — which is what ATC must become.

This is not a radical idea. Not only have other countries already implemented it, it has also been recommended by blue-ribbon American commissions. At the start of his administration, President Clinton appointed a national commission, headed by former Virginia Gov. Gerald Baliles, to assess the situation. The Baliles Commission identified a fundamental mismatch between the need for a high-tech, 24-hour-a-day air traffic service business and the constraints of a tax-funded, civil-service bureaucracy. Accordingly, it called for shifting ATC from the FAA to an independent corporation. The corporation would be funded by user fees and controlled by a board that included representatives of the airlines, the airports, the controllers, private pilots, and the military.

But, eight years after these recommendations were made, nothing has been done.

By contrast, the countries that have made the leap to self-funded corporations are already delivering on their promise that a businesslike entity, paid for and accountable to its users, can do a better job of providing, managing, and modernizing ATC services than a traditional government agency. Delays have been reduced, modernization has been accelerated, and productivity has soared, leading to decreases in user fees on the order of 25 percent to 30 percent.

Unlike the typical U.S. federal corporation — such as the U.S. Postal Service — the European corporations are fully self-supporting from customer revenues, use generally accepted accounting principles, have self-selecting boards of directors, rather than political appointees, and pay taxes on the same basis as investor-owned corporations.

The Canadian approach is slightly different but has been very successful. Nav Canada, a nonprofit user co-op, was incorporated in 1996. Since then, its productivity has increased by 32 percent, primarily by thinning out administrative and management staff. While reducing airline costs by 33 percent, it has still been able to increase controller pay by one-third. And it has accelerated modernization of Canada's ATC system, moving ahead of the United States in introducing "free-flight" technologies and opening up new timesaving polar routes in cooperation with Russia.

Nav Canada's nonprofit, stakeholder-board model offers a welcome third way between proposals for outright privatization on the one hand and the risks of a low-performance government corporation on the other. If we adopted it in the United States, the system would differ from the Baliles Commission proposal as follows:

Instead of a politically appointed board, it would have a board made up of stakeholders, selected by aviation stake-

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UNDER NEW MANAGEMENT? Air traffic controllers, like this one at Chicago's O'Hare airport, would be one of several stakeholder groups represented on a modernized air traffic control governing board.

holder groups themselves, as in Canada.

Instead of being able to borrow from the U.S. Treasury, it would be required to obtain all long-term funds from the private capital markets, as a check on unwise investment.

Instead of exempting private plane owners (general aviation) from user fees in hopes of gaining their political support, it would require piston and turboprop users to pay an annual membership fee, replacing the current fuel taxes, with business jets paying fees on the same basis as other jets. The rationale is that all key user groups should be represented on the nonprofit corporation's board as stakeholders — but that they should do so as paying customers.

The stakeholder board would be carefully structured to reflect the complexity of U.S. aviation, with separate seats for the different types of airlines and different types of general aviation, plus seats for ATC employees, airports, and the federal government (as a user of the system), plus three members representing the traveling public.

The good news is that things have now gotten so bad in air travel that the politics and timing for reform may be in alignment. In the mid-1990s, there was little sense of an air-travel crisis. Today it is in the headlines. This puts the Bush administration, and Democratic Secretary of Transportation Norman Y. Mineta, in the political catbird seat. They can put pressure on Congress to take dramatic, outside-the-box action.

There was also no great industry pressure for change in 1995. Now top officials of several major airlines are calling for corporatization or privatization of ATC. In addition, a dozen former senior FAA officials, including one of the coauthors of this article (Bond), have switched sides in this debate. They also have the support of Alfred Kahn, the father of airline deregulation under President Carter, and Jim Burnley, Secretary of Transportation under President Reagan.

The political key to making changes in our current system is mobilizing moderates around a third-way approach. The two major opponents will be the controllers union, the National Air Traffic Controllers Association, and two large general aviation organizations. The unions will expect loyal support from Old Democrats, while the general aviation groups will expect loyal support from pro-business Republicans. This is where moderates of both parties could provide the critically important margin of difference.

After the Baliles Commission's 1995 report, Vice President Gore's National Performance Review made air traffic control a priority focus of its reinventing government efforts. The result was legislation to create the U.S. Air Traffic Services (USATS) corporation, introduced in 1995 by then-Rep. Mineta. But support for USATS never jelled in Congress. In 1997, Congress created the National Civil Aviation Review Commission, chaired by Mineta and charged with revamping the FAA's funding system. It ended up supporting internal reorganization of ATC as a "performance-based organization" (PBO) within FAA, plus funding by user fees instead of excise taxes. But Congress has so far enacted only a watered-down version of the commission's recommendations. The PBO is slowly being created within FAA, but there has been no move to shift from aviation excise taxes to direct user fees (which would remove ATC funding from the federal budget process). Without user fees paid directly to the ATC provider, there is no reliable (i.e., non-political) stream of revenues to support long-term revenue bonds. And that, in turn, means that modernization will continue to be funded in fits and starts.

Unless, of course, President Bush and Secretary Mineta seize the political opportunity before them in a time of airline gridlock and travel capacity crisis. Modernizing our air traffic control system is as important to our economy, and our way of life, as any part of our national transportation system. It should become a top priority item for the new administration and should be supported by Congress. Continued availability of low-cost, flexible, and convenient airline service is important for ordinary Americans and the business community alike. Without a dynamic, advanced-technology ATC system, the growth of our air transportation system will be seriously constrained, interfering with commerce and curtailing the travel plans of many Americans. ◆

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BULLET-PROOF: The Acela, America's only high-speed train, can reach a top speed of 150 mph. But it rarely runs that fast due to infrastructure that is more than 100 years old in some places.

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Putting Rail Back On Track

High-speed regional rail corridors are key to saving passenger trains in America.

by **Paul Weinstein Jr.**

Thirty years ago, Congress and President Nixon created Amtrak as a way to save national passenger rail service in America. Ever since, Amtrak has struggled to hold together its network with minimal public investment, constant political interference from 535 congressional micromanagers, and an aging infrastructure that hinders improvements in service. But the system is still failing, and it's time for an overhaul.

The good news is that Amtrak succeeded in saving passenger rail in America. But the company's political survival skills have also become its greatest liability. Faced with an aging infrastructure of old cars, bumpy tracks, and rundown stations, Amtrak continues to run trains through as many states (and congressional districts) as possible, supporting a passenger rail system based on the economic and transportation needs of the 1940s — and the politics of the 1980s and 1990s. If we are truly to have a state-of-the-art passenger rail

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Back On Track

system, we need to bid farewell to Amtrak and begin the process of modernizing our rail system in densely populated corridors.

Despite many inherent advantages, such as energy efficiency and cleanliness, intercity passenger rail continues to flounder. While some of the problems can be attributed to a relatively small national investment in rail infrastructure, an equal amount of the blame falls to how our nation, through Amtrak, manages our passenger rail network.

Amtrak has a host of problems. Its debt has tripled in the last few years, forcing it to propose mortgaging Penn Station in New York for $30 million. Unlike most airlines, Amtrak lacks a real-time computerized reservation system — sometimes customers are told a train is booked even when seats are available. And most disturbing of all, since 1990 national rail ridership has remained nearly flat while airline and intercity bus riderships have grown significantly. In addition, the long-distance trains — 17 famous "limiteds" or sleepovers that train enthusiasts wax nostalgic about — are money losers. The Cardinal route between Chicago and Washington, D.C., for instance, incurs $3.29 of cost for every dollar of earned revenue.

High-speed rail is a key to increasing ridership. Presently, the Acela route between Boston and Washington, D.C., is the only high-speed system in the nation. The train can reach a top speed of 150 mph, yet because of infrastructure that in some places is over 100 years old, it rarely runs that fast. The tunnels into Baltimore from the south, for instance, were dug in 1877. As a result, Acela only cuts the regular rail travel time between Washington and New York by about 15 minutes. To get the maximum performance out of Acela, the Northeast Corridor needs $20 billion in improvements over the next 25 years. The 15 miles of tunnels into Penn Station in New York alone need $900 million to meet modern safety requirements, according to the inspector general of the U.S. Department of Transportation. Meanwhile, Amtrak has identified 11 new high-speed corridors in 33 states for future development. Some of these routes make sense — Chicago to Detroit, for example — while others that serve sparsely populated areas such as Mississippi seem to have been chosen for political reasons. (Senate Minority Leader Trent Lott is an enthusiastic supporter of Amtrak.)

Politics and the lack of capital have forced Amtrak to lower the definition of high-speed rail to about 95 mph. This is in contrast to the standard used in Europe and Japan, where only electric-powered trains traveling at an average speed of 125 mph are considered high-speed. While Amtrak has argued that train amenities will compensate for the lack of speed in terms of rider appeal, in the end speed counts when it comes to attracting substantial numbers of new passengers.

Despite Amtrak's problems, ridership is growing on short regional routes and commuter rail routes such as the highly populated Northeast Corridor, areas along the West Coast, and a few other regions. Ridership in the Northeast Corridor grew 5 percent in 2000 and is up 8 percent in 2001. At the same time, there has been a significant expansion of regional commuter rail systems, which are typically more than 15 miles long with stations more than three miles apart. Commuter rail ridership in 2000 grew by 5.2 percent, according to the American Public Transportation Association. Communities ranging from Salt Lake City to Nashville are considering opening new commuter rail systems. And those already in existence, such as the Virginia Rail Express (VRE), have experienced an annual doubling (or more) of passenger levels in recent years. California, with a $4 billion rail plan, may spend more in the next five years on capital improvements than Amtrak spends for the entire country.

Yet Amtrak and Congress continue to prop up an overextended national rail network instead of focusing on regional high-speed corridors and commuter rail. One need only look to Europe to see the failure of this strategy. While some Americans fondly recall crisscrossing Europe by rail as college students, the reality is that the strength of the European rail system is its mesh of high-speed rail corridors through densely populated regions. A Parisian can take a three-hour train ride to Marseille for only $75, but he would probably avoid the 12-hour train journey to Rome and take a plane instead.

A trust fund for high-speed rail. Congress and the White House should follow the lead of countries such as Great Britain, New Zealand, Argentina, and Japan that are experimenting with new ways to manage their rail networks. Creating regional instead of national rail operators, privatizing, and separating rail operations from rail investment are some options to consider. But to meet America's needs, we must take radical action.

> "The **15 miles of tunnels** into Penn Station in New York one need **$900 million** to meet modern **safety requirements**."

First, we should kill Amtrak and split its functions in half. Trains would be operated by a number of entities — regional, government-sponsored corporations; state and local cooperatives; and, in some cases, private companies. A government corporation would control the remaining functions by managing a trust fund that would finance the modernization — and regionalization — of our rail network. It would own the rail infrastructure: trains, tracks, and stations.

Like highways and airports, rail needs a trust fund to provide a regular source of capital investment. A rail trust fund (RTF) controlled by the government would make investments based in part on a formula and in part through a com-

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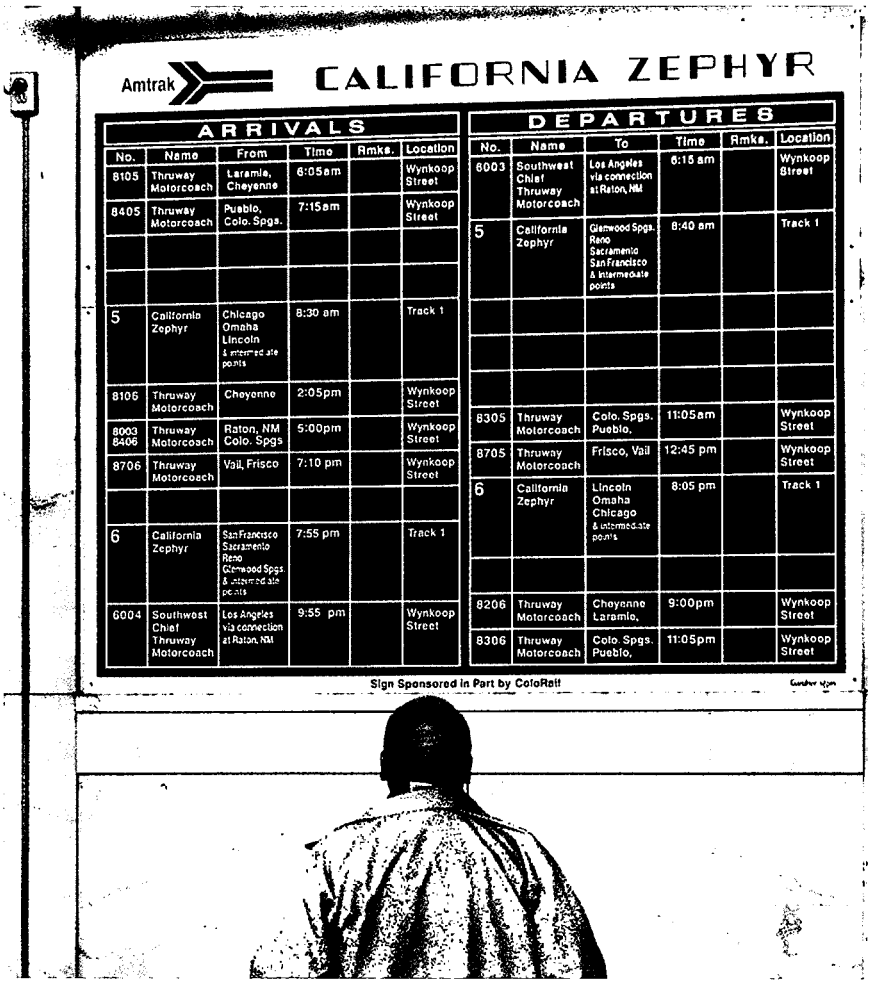
Amtrak
CALIFORNIA ZEPHYR
ARRIVALS
No. Name From Time Rmks. Location
8105 Thruway Motorcoach Laramie, Cheyenne 6:05am Wynkoop Street
8405 Thruway Motorcoach Pueblo, Colo. Spgs. 7:15am Wynkoop Street
5 California Zephyr Chicago Omaha Lincoln & intermediate points 8:30 am Track 1
8106 Thruway Motorcoach Cheyenne 2:05pm Wynkoop Street
8003 8406 Thruway Motorcoach Raton, NM Colo. Spgs 5:00pm Wynkoop Street
8706 Thruway Motorcoach Vail, Frisco 7:10 pm Wynkoop Street
6 California Zephyr San Francisco Sacramento Reno Glenwood Spgs & intermediate points 7:55 pm Track 1
6004 Southwest Chief Thruway Motorcoach Los Angeles via connection at Raton, NM 9:55 pm Wynkoop Street
DEPARTURES
No. Name To Time Rmks. Location
6003 Southwest Chief Thruway Motorcoach Los Angeles via connection at Raton, NM 6:15 am Wynkoop Street
5 California Zephyr Glenwood Spgs. Reno Sacramento San Francisco & intermediate points 8:40 am Track 1
8305 Thruway Motorcoach Colo. Spgs. Pueblo, 11:05am Wynkoop Street
8705 Thruway Motorcoach Frisco, Vail 12:45 pm Wynkoop Street
6 California Zephyr Lincoln Omaha Chicago & intermediate points 8:05 pm Track 1
8206 Thruway Motorcoach Cheyenne Laramie, 9:00pm Wynkoop Street
8306 Thruway Motorcoach Colo. Spgs. Pueblo, 11:05pm Wynkoop Street
Sign Sponsored in Part by ColoRail

GONE WITH THE WIND? Amtrak's California Zephyr line runs from Chicago to San Francisco with 33 stops in between. The system's long-distance routes are its biggest money losers.

petitive process. Funds from the RTF could be made in the form of grants, loans, and bonding authority. Regional or commuter rail systems could be awarded additional capital based on the merit of the project they propose and the amount of matching state, local, and private investment. The non-federal share of the financing would have to reach at least 40 percent before a project could become eligible for financing.

Like the highway and airport trust funds, the RTF would be financed by a variety of user fees, including a minimal tax on all passenger commuter and regional rail tickets (not including transit); a transfer from the Highway Trust Fund of the portion of the gas tax paid by commercial freight and passenger rail systems; and higher fees on freight and commuter trains that operate on the rail tracks owned by the RTF.

To get modernization on to solid financial footing, Congress should appropriate an initial $6 billion to capitalize the RTF — $2 billion each year over the next three years.

Regional rail corridors. The creation of America's new regional rail network could be modeled on the reform of the Japanese National Railroad (JNR), beginning in 1987. By the early 1980s, the highly regarded JNR had required annual operating subsidies in excess of the combined subsidies of all European railroads. It also carried a debt of $300 billion. In 1982 alone, JNR required an annual net subsidy of $6.3 billion. Yet after restructuring, management, and privatization improvements, government subsidies to JNR fell dramatically.

Similar to reforms in Japan and elsewhere, this new system would allow regional government-sponsored corporations, state and local operators, and private firms to compete for the operating rights for a regional or commuter rail corridor. State government consortia could also apply for contracts. Bidders would then compete to acquire the rights to the franchises or concessions that serve a particular route. Where the service can be expected to operate at a profit, the bidder offering the highest price would acquire the rights to the concession.

And like other countries, we should recognize that even the most highly traveled rail corridors sometimes need operating subsidies. However, the amount of subsidy available from the RTF would be capped, eliminating the operation of financially failing overnight trains.

Once the regional system is in place, the RTF would invest dollars to turn these networks into true high-speed rail systems. Tracks would be modernized and electrified, allowing for speeds of at least 125 mph. Where the tracks are not owned by the federal government — almost everywhere outside of the Northeast Corridor — the RTF would either build new tracks or receive equity for any improvements it makes in freight rail lines that improve freight rail transportation.

Stop romanticizing rail. Rail "romantics" like myself need to put aside fantasies of 300-mph trains traveling coast-to-coast on magnetic levitation and start focusing on the places where rail can make a difference in our lives now: those densely populated regions where trips are short — no more than 500 miles — and trains can relieve the burden on overtaxed airports and help to reduce traffic congestion. If we choose to live in the past, passenger rail will just keep creaking along. But if we take a regional approach to rail, high-speed trains can serve an important transportation role in the New Economy. ◆

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Gateways to Growth

With more ships carrying larger loads, smarter port management is in order.

by **Hugh O'Neill**

America's ports are our gateways to economic growth. Most of the commodities we buy from or sell to the rest of the world pass through them. But they are struggling to keep pace with the rapid expansion of world trade. Congestion is a big problem not only at ports, but also on the rail and road networks that connect them to communities, consumers, and businesses. Ports will become economic bottlenecks if they fail to double or triple their cargo-handling capacity over the next 20 years.

Improvement on that scale is possible with intelligent management. And it can be achieved without expanding Washington's role in port development and funding. The best way to handle our growing maritime trade is to continue relying on the decentralized, flexible, and highly competitive network of ports that has helped sustain our economy for more than three centuries. > >

> > **Hugh O'Neill** is president of Appleseed Inc., a New York-based economic-development consulting firm. He previously served as director of the state's Office of Development Planning and assistant executive director of the Port Authority of New York and New Jersey.

DEAD IN THE WATER: Two fully loaded container ships wait to unload their cargo at the Port of Long Beach, Calif., in October 1997. A rail car shortage forced delays of up to 10 days for ships to unload and for cargo to leave the docks.

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Gateways

Coping with growth. In 1999, some 100 U.S. ports handled nearly 800 million tons of cargo, valued at approximately $600 billion. Major ports such as Charleston, S.C., Los Angeles, Long Beach, Calif., New York/New Jersey, and Seattle are booming. For example, New York/New Jersey handled 14 percent more cargo during the first quarter of 2001 than it did during the first quarter of 2000. This boom is expected to continue. Los Angeles, Long Beach, and New York/New Jersey all estimate that by 2020 they will be handling three times as much containerized cargo as they did in 2000.

Local port authorities, state and city governments, terminal operators, and shipping companies spent more than $8 billion on capital improvements between 1995 and 1999 to accommodate future growth. Even more spending is in the works. For example, the Port Authority of New York and New Jersey plans to spend approximately $1.4 billion over the next seven years to expand and improve its terminal facilities.

Ports aren't the only things that are growing. On average, the ships they serve have doubled in size during the last 20 years. Although larger ships can carry goods at significantly reduced cost, they require deeper harbors. Earlier generations of ships could navigate channels 35 feet deep, but today's leviathans need channels that are 50 feet deep. Several of the nation's leading ports are investing heavily in channel-deepening projects.

Improving port productivity. Although ports are making impressive investments to deal with the rising volume of cargo, they have little room left for expansion. Only a few of the nation's busiest harbors have sites available for port expansion, such as the former military terminals in Bayonne, N.J., and Oakland, Calif. But Los Angeles, New York/New Jersey, and other major ports in the nation's most densely populated urban areas can't possibly double or triple in size.

Fortunately, they don't have to. Our ports can handle the expected increases in cargo volumes by becoming more efficient. And there's plenty of room for improvement, as our ports are generally much less efficient than their European and Asian counterparts. For example, U.S. ports can improve their efficiency by investing in modern equipment and information technology, by extending their operating hours, and by curbing the practice of letting shippers leave cargo awaiting pickup at the port for several days without charge.

Greater use of secondary ports also could relieve congestion at the largest gateways. Baltimore and other ports that had lost business in the 1980s are showing new signs of life. Even smaller ports, such as Portland, Ore., may once again become more competitive.

> "There's plenty of **room for improvement**, as **our ports** are generally much less efficient than their European and Asian **counterparts**."

But even if ports succeed in doubling the volume of cargo they can handle, those goods still have to move on America's highly congested roads and railways. Projects such as California's Alameda Corridor — a $1.9 billion upgrade of railways and roads linking Los Angeles to San Pedro Bay — can help speed "land-side" traffic. But even more will have to be done to accommodate the projected surge in cargo volumes. For example, local planners and maritime-industry experts in Southern California are already talking about extending the still-unfinished Alameda Corridor another 40 miles east to San Bernardino.

Who pays? Responsibility for financing port infrastructure is widely dispersed. Most ports use a combination of tax-exempt bonds and appropriations from state and local governments to finance capital improvement. They also generate revenues from port users (primarily shipping companies and terminal operators).

But with pressure mounting for expansion and improved efficiency, port operators have begun seeking out partners in the private sector to share the potential risks and rewards inherent in port development. Last year, for example, the Port Authority of New York and New Jersey signed a lease with the British firm P&O Ports. Under the deal, P&O will spend $63 million to modernize the Port Newark container terminal and will operate the facility.

For the most part, Washington's role in port infrastructure has been limited to creating and maintaining the channels that link ports to the sea. Since the 1980s, Congress has required local port agencies to pay part of the cost of dredging projects. The proportion of the local share depends on the project's scope. For instance, port authorities must pay 60 percent of the incremental cost of deepening a channel from 40 to 50 feet.

The Army Corps of Engineers spends about $300 million a year on channel projects. The American Association of Port Authorities has called for a 32 percent increase in the corps' budget, but the Bush administration has proposed a 14 percent reduction.

Given the backlog of dredging projects and fast-growing port traffic, more spending on channels is clearly warranted. If the administration and Congress want to hold the line on the federal share of spending, they should consider raising the required local share. This approach would temper local demand for channel improvements and possibly encourage local port authorities to rely more on levies on shipping companies to finance dredging projects.

Generally speaking, apart from channel projects there is no need for more federal spending on ports. States

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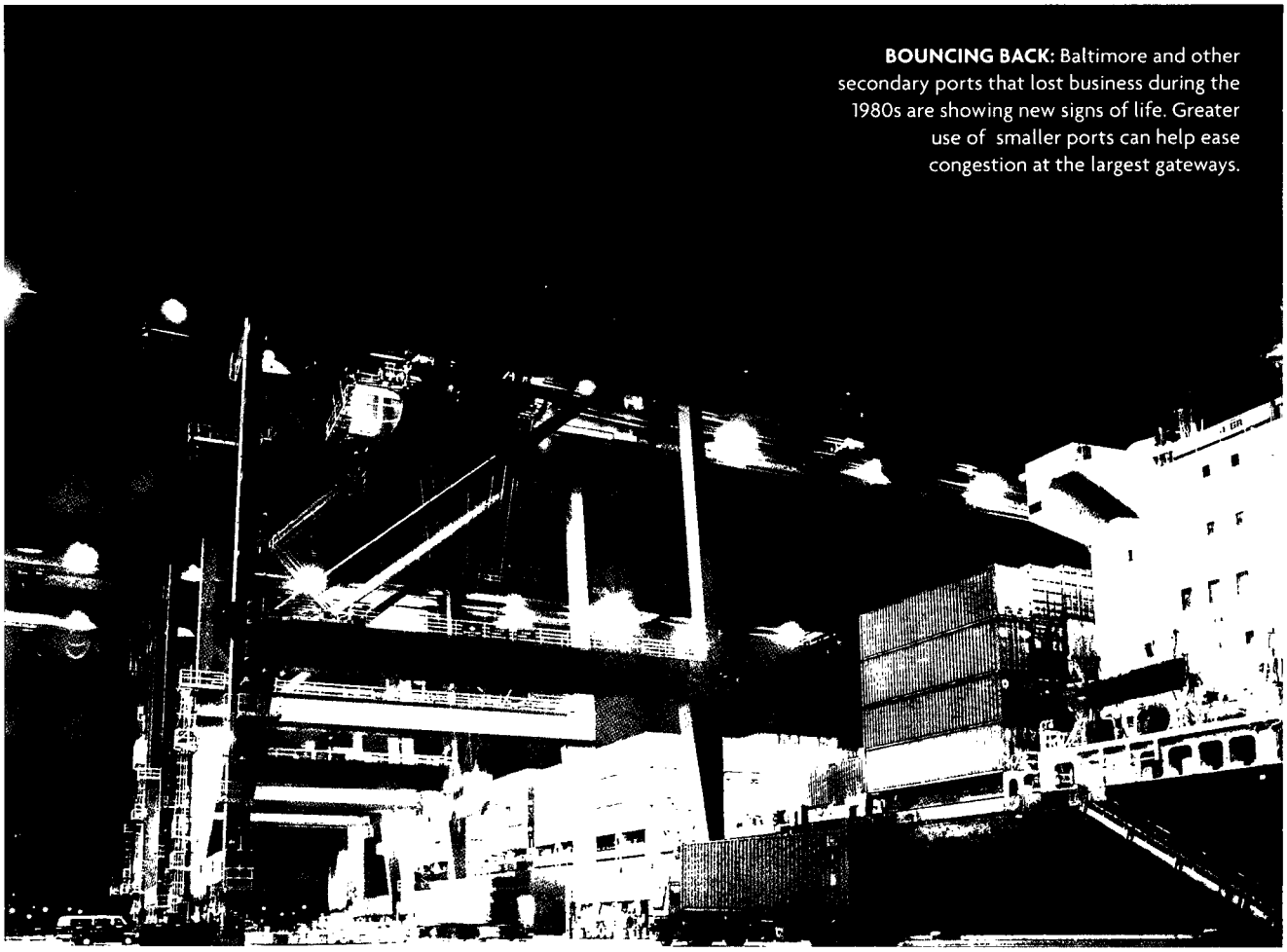

BOUNCING BACK: Baltimore and other secondary ports that lost business during the 1980s are showing new signs of life. Greater use of smaller ports can help ease congestion at the largest gateways.

and localities reap most of the benefits that come from ports; it is only right that they and port users pay the bulk of port costs. Port managers probably would welcome a big increase in direct federal funding. But a huge infusion of federal dollars runs the risk of disconnecting port development from the disciplines of the market. Recent developments in metropolitan New York are a case in point.

Some New York City local officials and members of Congress want to build a $2 billion freight-rail tunnel from New Jersey to Brooklyn, in part to bring shipping back to the Brooklyn waterfront. So far, they have secured several million dollars from Washington for planning and feasibility studies. The project makes almost no economic sense. If it had to be financed from user fees and local government appropriations, it would never be built. Yet its proponents hope that a major infusion of federal funds will someday allow it to proceed.

How Washington can help. While America's ports don't need an infusion of federal money, there are other ways Washington can help.

For instance, Congress and the Bush administration should streamline the process for authorizing dredging projects. Port authorities now must wait five or more years from the time they propose a major project until the time the Corps of Engineers actually begins dredging. In many cases, cutting a few years off this process would be worth far more to ports and their customers than a few more million dollars in federal aid.

The federal government should also support local and regional efforts to improve surface traffic into and out of ports. Primary responsibility for these road and rail projects should remain with the ports, their users, and the states and localities that most directly benefit from them. Sometimes, however, the long lead times these projects require, and uncertainties about the projections of port traffic growth on which they are based, make it hard to finance them through the municipal bond market. The U.S. Department of Transportation can help make such projects more bankable by providing time-limited federal loan guarantees, such as those already authorized under the Transportation Infrastructure and Innovation Act.

Finally, Washington can also help improve port productivity by supporting research on information technology and by promoting the development of industrywide information technology standards and protocols.

America's ports don't need a rich uncle. But they could use a smarter one. ●

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The New Politics of Mobility

Real progress in transportation policy depends on all parties finding common ground.

by **Robert D. Atkinson**

The key to solving America's growing mobility crisis is political: We must rebuild a public consensus for policies that will restore to Americans the mobility they've lost in recent years. The loss of that mobility is directly related to the rise of differing coalitions opposing transportation policy.

A new breed of conservatives emerged that saw in public transport policies the wasteful and market-distorting hand of big government. And on the left a new alliance of environmentalists, urban planners, and academics blamed U.S. transport policies for engendering sprawl, excessive reliance on cars, and the rapid disappearance of green spaces. This coalition has achieved considerable success in shifting the focus of transportation policy from expanding supply to restraining demand. Their idea is that growing congestion can be solved by getting people out of cars and planes and into buses and trains.

This has led to polarizing — and paralyzing — battles over policy. Should we build more roads or focus our efforts mostly on expanding mass transit? Should government or the private sector take the lead? Should infrastructure be funded from tax revenues or user fees? Should the federal government maintain a lead role or should responsibilities be devolved to states and localities? Should project decisions be subject to the widest possible participatory and regulatory process or should a premium be put on getting things built in a timely manner? Finally, and most fundamentally, where and how should Americans live and work — in the sprawling suburbs or in dense urban areas?

In spite of these apparently irreconcilable choices, there are reasons for hope that a new pro-mobility policy consensus can emerge. Technological developments may help us bridge some of these divides. For example, "clean car" technologies and quieter airplanes will enable us to expand mobility with significantly less pollution and noise. Intelligent transportation systems will improve the efficiency of transport facilities. And rising productivity may provide the wherewithal to finance the public investments required to build a transportation system suited for the New Economy.

Above all, we need to modernize U.S. transportation policy and restore mobility as its central goal. A new approach will emphasize market incentives, public-private partnerships, and user fees to ease congestion and expand transport facilities. It will entail a new determination to face down narrow interests that derail or delay major transportation improvements that clearly serve the wider public interest. And it will require giving states more authority to fund their own transportation projects.

From mobility to gridlock. In the industrial economy's heyday, from the 1940s to the early 1970s, most Americans saw the automobile, the interstate highway system, jet travel, and suburbanization as exciting advances that gave them unprecedented freedom of movement and choice in where they lived.

▷ ▷ **Robert D. Atkinson** is vice president of the Progressive Policy Institute and director of its Technology & New Economy Project.

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ROAD TO RECOVERY: Modern transportation policy should emphasize market incentives, public-private partnerships, and user fees.

The politics of transportation reflected Americans' happiness with the system. Elected officials at all levels of government (notwithstanding some big-city officials) and in both political parties agreed that the task was to build a transportation system for the modern economy and that the federal government was to lead, in particular by building the interstate system. Liberals in particular were among the strongest supporters of infrastructure spending since it helped create well-paying jobs and knit the nation together. Indeed, the 1968 Democratic Party platform stated that "still more super-highways are needed for safe and rapid motor transport. We need to establish local road networks to meet regional requirements." But as the old industrial economy began to break down in the 1970s, so did America's postwar transportation system. Some analysts began to see the automobile not as a solution but as a problem and the policy that supported it as a failure. By the early 1970s, the car became implicated in any number of social problems, including safety, energy depletion, air pollution, and global climate change.

The new anti-car, anti-road coalition includes environmentalists, urban planners, anti-poverty activists, Naderite activists, transit supporters, and some big-city politicians who believe U.S. highway, housing, and other policies have facilitated the flight from the cities and thereby hastened their decline. Through organizations like the Surface Transportation Policy Project (STPP) — a group that opposes road expansion and promotes alternatives to cars — these forces have been able to advance their agenda in Congress, the administration, the states, and in local Metropolitan Planning Organizations. As a result, it is now become a point of doctrine among many liberals to oppose infrastructure expansion.

At the core of the opposition's anti-infrastructure argument is the myth of induced demand. The best way to convince decisionmakers and the public to oppose road or airport expansion is to convince them that it won't solve the congestion problem. Hence, groups like the STPP publish studies purporting to show that adding more highway lanes simply adds more traffic. Yet the major STPP study misleads because it fails to control for population growth. In fact, fast-growing places add more roads than other places. When one controls for population, adding more lane miles faster than population growth does reduce traffic congestion.

Numerous studies show that adding lane miles eases congestion both on the new roads or lanes and on adjacent roads. Texas A&M University's highly respected Texas Transportation Institute concluded that, "Road construction has been shown to play a key role in holding the line against urban mobility decline."

The need for the supply of roads to keep up with growing demand might seem obvious, but it is heresy to many of today's anti-mobility activists. Their attitude can be summed up as follows: "How else are we going to get people out of their cars and into buses and onto bicycles if we don't make their commute as unpleasant as possible?"

To be sure, these activists offer alternative solutions to our transportation problems, including mass transit, biking, smart growth, and higher gas taxes. All of these ideas are worth considering, but by themselves they cannot reduce congestion in a country that

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overwhelmingly travels by car.

Yet the anti-mobility coalition now forms one pole of the debate that decisionmakers listen to. When political leaders attempt to expand infrastructure, this coalition weighs in to stop it, raise its costs, or do everything it can to throw up roadblocks. The coalition draws grassroots support from local residents who don't want a new road or airport built near them. Such NIMBYism ("not in my back yard") is certainly understandable and even justified in instances where road projects are poorly conceived or politically inspired. Yet it increasingly prevents the development of transport facilities that would benefit an entire region composed of millions of people. While NIMBYism itself is not new, what is new is that NIMBYs now routinely invoke higher communal interests ("It will destroy open space," "It will degrade aesthetics") to mask understandable but ultimately selfish desires to restrict development.

When NIMBYs can't stop transportation projects, they often impose restrictions that severely limit the usefulness of the projects. A classic example was Interstate 66, built in the early 1970s to link Washington, D.C., to the Capital Beltway and points west. When residents of the nearby Virginia suburbs found they couldn't block the road, they insisted that it be kept to just four lanes. Though it could easily be widened today to eight lanes to lessen its almost constant congestion, local opposition has blocked expansion.

In response both to the excesses of sometimes autocratic transportation engineers on the one hand and environmental concerns and the rising power of NIMBYism on the other, Congress and the states enacted a host of regulations governing infrastructure development. As a result, it now routinely takes 12 to 15 years for major highway construction projects to wend their way through the maze of planning, design, and environmental review processes before construction is even begun. It took 16 years to add a new runway at Memphis International Airport, home of Federal Express, despite community support. And in spite of efforts by Congress in the 1998 Transportation Act to streamline this process, matters have worsened.

The lack of consensus on transportation is reflected in how the political parties approach the issue. In their zeal for tax cuts, many Republicans would cut the gas tax, which would starve transportation funding. One of the strongest opponents of expanding transportation investments in heavily congested Northern Virginia is conservative Gov. Jim Gilmore. Gilmore and many other Republican elected officials evidently prefer lower taxes to a higher quality of life — including transportation mobility.

At the same time, many Democrats have cast their lot with the anti-car movement. Liberal Democratic Maryland Gov. Parris Glendening has consistently opposed new road construction (as well as new HOT lanes that let solitary drivers pay to use underutilized HOV lanes). Instead, he has advocated for multibillion dollar investments in public transit. In Congress, many liberal Democrats have pushed for higher gas taxes but have made no commitment that the monies will actually go to expanding roads.

Finally, both parties increasingly support transportation pork, euphemistically called demonstration projects. Political scientist James Dunn reports that while the 1982 Surface Transportation Act contained 10 so-called demonstration projects worth $362 million, by 1998, the act was loaded with $9 billion in pork. As former head of the House Committee on Transportation and Infrastructure, Pennsylvania Republican Bud Shuster was perhaps the most skilled at bringing home the bacon. So skilled, in fact, that Pennsylvania's Interstate 90 was renamed the Bud Shuster Memorial Highway in the 1990s. Funded to the tune of $540 million over the past 30 years, the highway carries less traffic in a year than the Washington Beltway does in just a few days. "Shusterism" is but a symptom, however, of a transportation policy that is adrift and has been commandeered by politics.

> "The need for the **supply of roads** to keep up with **wing demand** might seem obvious, but it is heresy to many of today's anti-mobility **activists**."

The politics of building a New Economy transportation system. In order to build a transportation system for the New Economy, we must forge a consensus on a third way in transportation policy. Such a framework would not try to penalize Americans for driving cars or living in the suburbs. It would focus instead on expanding the supply of transportation, including building and expanding roads in areas where population growth has outstripped the existing infrastructure. It also would make the current system more efficient by reducing public subsidies, harnessing market incentives such as congestion pricing, and using new technologies to speed traffic flow. Finally, it would take reasonable steps to give Americans the choice to reduce their reliance on the auto, for example, by investing in cost-effective mass transit for dense metro areas.

To move forward, we need to take a number of key steps:

1. Respect Americans' desire to live where they want to. Much of the stalemate over transportation policy reflects a fundamental dispute about where Americans should live. Many on the left want Americans to live like Europeans (densely packed in cities and reliant on public transit), even though

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Europeans are increasingly living like us (driving more cars, living in single-family homes). But, with most Americans preferring single-family homes and with new information technologies giving businesses more locational freedom, the old economy's urban-centered system will never be revived.

Yet while most Americans are not likely to move to high-density urban locations, they do want more livable communities and closer connections to nature. That's why the message of smart growth resonates with many Americans. In-fill development makes sense, and government certainly should stop subsidizing sprawl and make new development pay its own way. But if smart growth is done at the expense of choice and mobility, Americans will not support it. Policymakers need to accommodate Americans' desire to live in single-family homes and drive cars while supporting sensible planning and zoning that enhances aesthetic qualities and encourages livable communities.

2. Reject today's fashionable defeatism about congestion. The anti-road coalition has incorrectly diagnosed congestion as a problem of too many cars. Given its fierce opposition to expanding roads and highways, it's no wonder that transportation officials take the easy way out: adding HOV lanes, repairing roads and bridges instead of building new ones, improving the aesthetics of highways. Progressives should define congestion as a problem of inadequate infrastructure. They should support an array of policies designed to give Americans the world-class transportation system they deserve, including public transit, biking, walking opportunities and expanded and less congested roads.

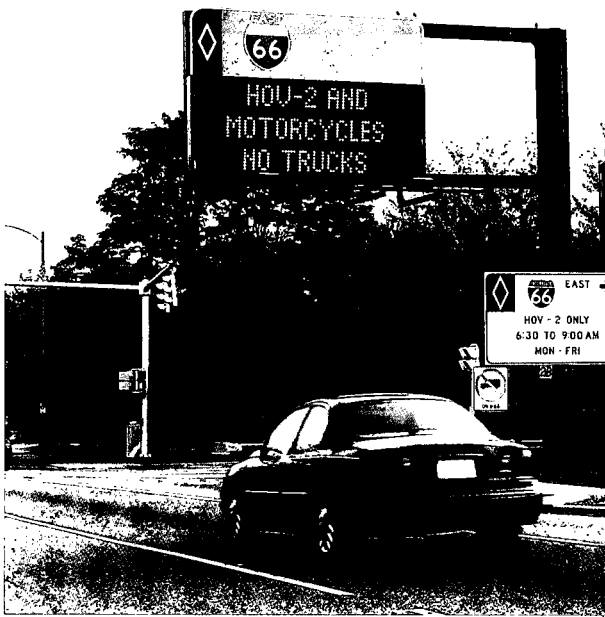
extras Get more on the Web > NDOL.org Search: Extra Mobility

3. Speed development and deployment of new transportation technologies. If we are to enable Americans to continue to drive as much as or more than they do now, it's essential to develop significantly cleaner and more fuel-efficient cars. No matter how much we promote transit or raise fuel economy standards, the only way to substantially reduce vehicle-induced air pollution is to move beyond the internal combustion engine. The new hybrid cars are a step in that direction. As prices fall and more Americans buy clean cars, it will be easier to gain political support for expanding road capacity without stoking fears of rising fuel prices and more air pollution.

4. Tackle "NIMBYism" head on. We cannot afford to continue granting small, self-interested groups the power to block infrastructure investments that are clearly in the larger community's interest. It's imperative that we take a more balanced view of what citizens owe to each other. Public-spirited civic and business leaders can help by stepping up to the task of advocating a 21st-century transportation system. Governments can help by streamlining regulatory and review processes that add years and costs to vital transportation projects. For example, airport and airline executives are working with Congress and the Bush administration to speed up approvals for badly needed new runways. But policymakers also need to ensure that negative impacts are mitigated where possible (e.g., building sound walls along urban freeways) or, failing that, that individuals are compensated for their reduction in property values or diminished quality of life.

5. Reduce public subsidies and rely more on user fees and public-private partnerships. Road and air travel already are heavily subsidized by government; drivers pay only about 80 percent of the direct cost of highways, while fliers pay about the same share of airline infrastructure (with neither paying for the indirect costs, such as damage from pollution). As a result, modest increases in the gas tax to offset these costs make good economic sense. But even if gas taxes are raised somewhat, cash-strapped metro regions are still likely to fall chronically short of money for roads. Thus it's likely that future transportation projects will have to be funded more out of user fees, including toll roads and congestion pricing.

6. Restructure the role of the federal government. At one time the federal government was the major driver of infrastructure expansion in the nation. Now it funds an increasing amount of earmarked projects that make no economic sense and that constrain the ability of regions to solve their own transportation problems. As a result, the federal role has become as much of a hindrance as a solution. It's time to significantly devolve authority for surface transportation to states, along with much of the funding stream from the gas tax.



NOT IN MY BACK YARD: Due to local opposition, Interstate 66 in Arlington, Va., has been kept to four lanes even though it could be widened to eight.

We can reduce congestion and give Americans back the mobility they once enjoyed. But it will require developing a new political consensus at all levels of government that it is something we can and should do. ●

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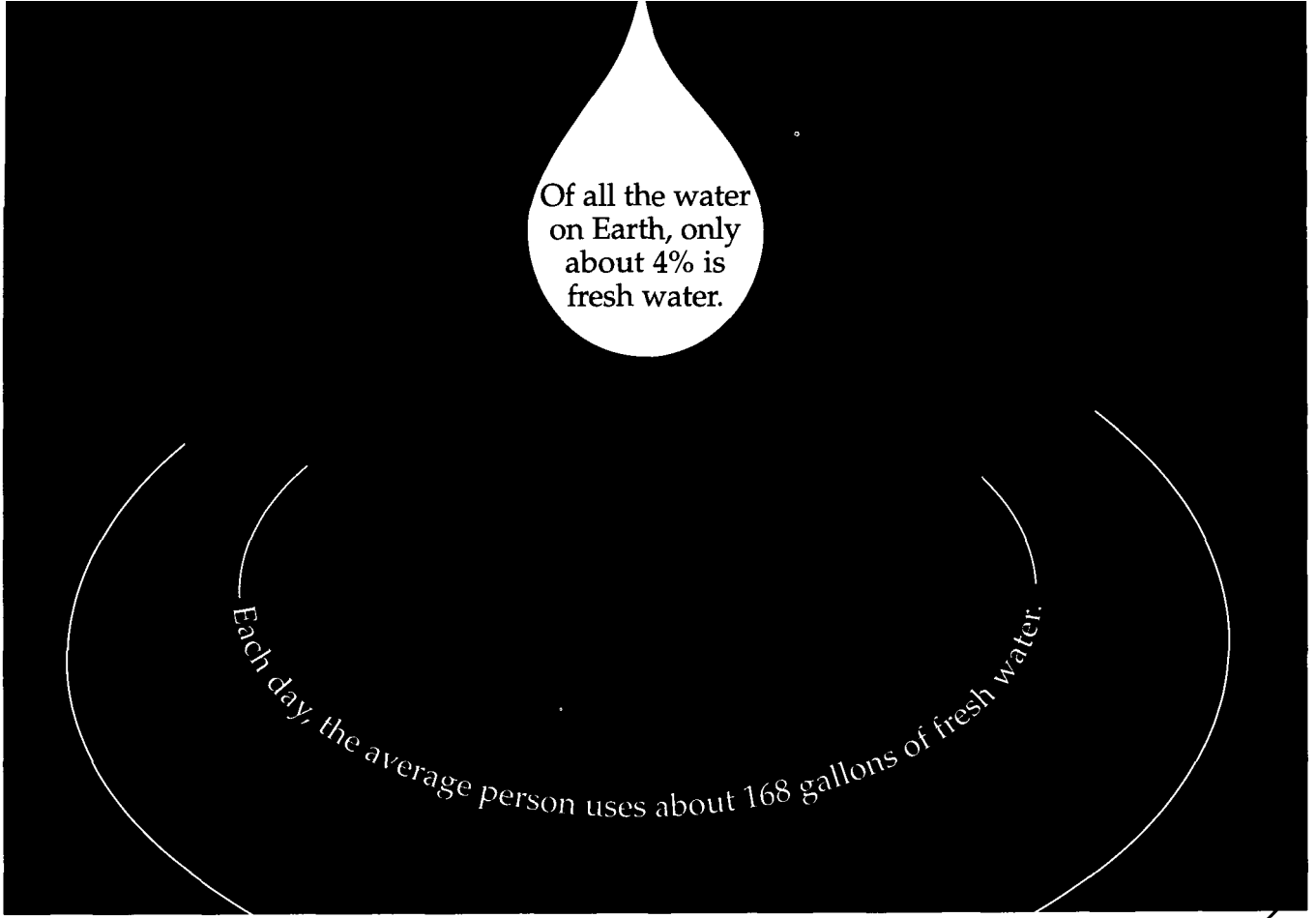

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▸ WILL MARSHALL

Keep the faith, baby

The GOP-led House in July passed its version of President Bush's faith-based initiative on a largely party-line vote. Now the action shifts to the Democratic Senate, where, in a delicious twist, the proposal's fate lies in the hands of Sen. Joe Lieberman, running mate of Bush's 2000 opponent.

Ironically, that could prove to be its salvation. Lieberman has been no less fervent in calling for a closer partnership between government and religious charities to tackle the nation's most stubborn social ills. And he has vowed to craft a new approach that, unlike the House bill, can win broad, bipartisan support.

This gives Senate Democrats a chance to wrest the proposal from GOP conservatives and turn it in a more progressive direction — by converting the faith-based initiative into a civil society initiative.

Where the GOP has focused narrowly on religious groups, Senate Democrats should call for a broader civic mobilization to combat poverty. It would include not only faith-based groups but also the myriad secular charities, community foundations. and neighborhood-based voluntary associations that work every day to help the needy. President Bush says he wants to "rally the armies of compassion," but you shouldn't have to be a member of a congregation to enlist.

By recasting the faith-based initiative as a civil society initiative, the Senate can ground it in a Tocquevillian understanding of how the voluntary sector acts as an independent realm of collective problem-solving as well as a nursery for self-reliant citizenship. And it can reassure nervous liberals and secular groups that the initiative's main purpose is to reduce poverty, not promote religion.

Democrats also should insist that Bush match his rhetoric about a "compassionate conservative" war on poverty with real money. House Republicans gutted his plan to let non-itemizers deduct their charitable donations. The White House also seems to have forgotten about Bush's campaign pledge to create a "Compassionate Capital Fund" to fund community and faith-based anti-poverty work.

Senate Democrats can put civic muscle behind their approach by linking it to another civic enterprise — national service. Washington spends about $750 million a year on an expanding array of service projects of which AmeriCorps, with 40,000 members, is the largest. Some AmeriCorps members already work with faith-based groups such as Habitat for Humanity and in secular efforts such as City Year. The Senate should boost national service spending and encourage volunteers to work with civic and faith-based groups in food kitchens, homeless shelters, after-school programs, public health clinics, and anywhere else where willing hands are in desperately short supply.

Finally, senators should insist that expanded public support for community initiatives be based not just on pious intentions, but on performance. No less than any government agency, civic and religious groups must produce measurable results or the government shouldn't continue to fund them.

Such an approach would give progressives what they want — a commitment to bolster America's civic infrastructure and focus volunteer energy on fighting poverty — while accepting the valid premise of Bush's original proposal: Government ought not to discriminate against religious groups when contracting out social services.

The public strongly supports this idea. Convinced that government can't win the war on poverty alone, Americans have increasingly focused on the up-close-and-personal work of community and faith-based groups, which sometimes appear to succeed where bureaucracies fail. One example is Boston's Ten-Point Coalition, in which church leaders joined forces to bring about dramatic reductions in juvenile and gang-related violence. Bush likes to cite Teen Challenge, a residential drug treatment program that boasts an 86-percent rehabilitation rate.

In truth, there is little empirical evidence about the efficacy of voluntary charitable efforts in general or the oft-cited "faith factor" — the spiritual motivation of volunteers out to heal damaged souls and transform people's lives. That's why the Senate should include money to fund research on what works and why. Above all, Senate Democrats should avoid knee-jerk opposition to the faith-based proposal as well as the rhetoric of their House counterparts, which too often was tinged with hostility to religion. This only plays into the hands of GOP strategists determined to drive the wedge deeper between Democrats and religious people, who leaned strongly toward the Republicans in 2000.

Democrats cannot afford to let stridently secular groups define their views on the interplay between religion and public life. Instead, they should follow the lead of Lieberman and his running mate, Al Gore, who challenged Democrats during the campaign to reject the "hollow secularism" of the left, and added: "We must dare to embrace faith-based approaches that advance our shared goals as Americans." ◆

▷▷ **Will Marshall** is president of the Progressive Policy Institute.

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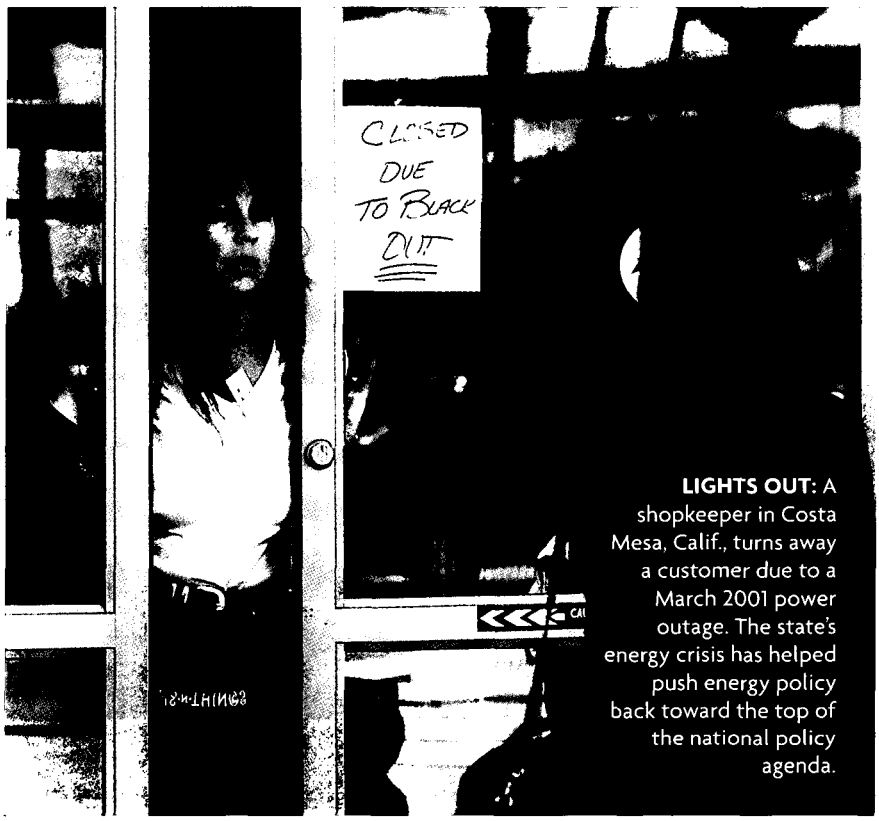
What in the world is PUHCA?

The Public Utility Holding Company Act of 1935 — and its time has passed.

▷ *by* **Bob Kerrey**



LIGHTS OUT: A shopkeeper in Costa Mesa, Calif., turns away a customer due to a March 2001 power outage. The state's energy crisis has helped push energy policy back toward the top of the national policy agenda.

Even to someone no longer in the political arena, it comes as no surprise that energy policy — and especially the California energy crisis — has become one of the front-burner political issues of the year. After all, an abundant supply of affordable energy has long been one of the cornerstones of the American dream, a key pillar of the American success story. Yet this year began with California's electricity crisis spinning out of control and natural gas prices soaring to unprecedented levels. Conservatives and their industry supporters immediately began trotting out their energy wish lists, including opening up the Alaska National Wildlife Refuge for oil drilling, even though it has nothing to do with keeping the lights on in California.

Some on the left fell into the trap of trying to block such actions by selling the story that there is no energy crisis after all. The fact is that we face a number of serious energy challenges. They are largely interrelated, and Congress must address them by figuring out specifically where markets aren't working properly and then by doing what government does best: Set appropriate ground rules for competition, watch for and address abuses, then let markets work.

Clearly a key to continued prosperity — and our children's chances of living the American dream — is a successful energy policy. In my home state of Nebraska, we've learned the importance of a strong electric and gas infrastructure. The regionalization of gas and electric markets brought on by deregulation policies in the 1980s and early 1990s offered both opportunities and challenges for a state with a unique statewide electric system.

For markets to work for Nebraska and other states with a large amount of public power, federal tax laws needed to be updated. Without changing these laws, municipal power systems risked losing their tax-exempt bond authority simply because they searched for the best deal on the market for their customers. I was pleased to have been an original Senate sponsor of bills to fix this problem but disappointed to leave the Senate without having seen the bills through to passage.

While trying to move these bills through a variety of legislative obstacles, I entered the arcane back alleys of energy legislation, where a frightening array of abbreviations and acronyms — PUHCA, PURPA, NERC and RTOs — threatened to stall my tax bill. But a funny thing happened on my way to outrage at these troublesome acronyms: I became an advocate for doing something about them too.

The most nettlesome of these, the Public Utility Holding Company Act of 1935 (PUHCA), needs changing as do the tax laws I sought to revise. PUHCA was passed at the height of the Depression, when the Securities and Exchange Commission (SEC) was in its infancy and when most states were unable and ill-equipped to regulate utility holding companies. Utilizing abusive pyramid schemes, many of these companies took advantage of lax or nonexistent utility regulation to defraud investors with inadequate financial disclosure, loose accounting practices, and excessive debt. PUHCA was designed to remedy these abuses by requiring

▷ **Bob Kerrey**, a former U.S. senator (D-Neb.), is president of New School University in New York City.

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federal control and regulation of interstate public utility holding companies. It did its job then, but every serious review of the law over the last 20 years indicates that PUHCA is actually an impediment to workable energy markets now.

How does PUHCA hurt the public? By restricting those who can invest in this critical industry and by limiting where and how those companies and individuals can provide capital. For example, one of PUHCA's restrictions prevents holding companies from owning utility subsidiaries that are not in the same geographic market. This outdated "physical integration" requirement prevented virtually all public utilities operating in the eastern two-thirds of the United States, whether registered under PUHCA or exempt, from investing in California's utilities and trying to help restore them to long-term viability. As the SEC recently noted, PUHCA "could have limited the number of investors willing to go into the California scene" by limiting the pool of potential investors. Another example: Officials of the Federal Energy Regulatory Commission (FERC) have testified before Congress on a number of occasions that the law actually hinders the type of regional market development that is needed to make markets work for consumers.

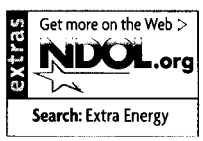
These restrictions may have been acceptable when the country had excess capacity in electric generation and transmission, but they are a recipe for disaster now. Wholesale deregulation, which began with the 1992 Energy Policy Act, has added an element of risk to utility investment that has made the sector less appealing to traditional "widow and orphan" investors. Without capital from outside these sources, America has no hope of meeting its massive energy needs, particularly in terms of building a transmission and distribution network that will serve as the interstate highway of electronic commerce. Ironically, PUHCA's physical integration restriction makes it easier today for foreign companies to purchase an American utility than for another American utility to do so — surely not the intention of the act.

What has changed in the marketplace since 1935 to make PUHCA duplicative and obsolete? First, the SEC and FERC now closely regulate investor-owned utilities. Second, the FTC and the Justice Department maintain their antitrust authorities, and all states in the country now have well-established utility regulatory agencies. Third, and most important, the Information Age itself now fulfills PUHCA's core mission, investor protection. America's capital markets are the envy of the world in terms of their transparency, with bond rating agencies, financial markets, investment firms, and the business press able to mete out swift punishment to companies that engage in excessive speculative activity.

This is why the SEC, under both Democratic and Republican administrations, has called for PUHCA's repeal. As early as 1981 it reported to Congress that PUHCA's "provisions were either duplicative of other regulatory schemes or no longer necessary to prevent the abuses that led to enactment of [PUHCA]," and it reaffirmed this position as part of Vice President Gore's reinventing government initiative in 1995.

Are there any good reasons not to repeal PUHCA? Not according to the SEC, which has called for its repeal for 20 years. FERC agrees. The Senate Banking Committee agrees, too, as seen by its recent 19-1 vote in favor of a bill to repeal PUHCA (S.206) while still maintaining strong consumer protections.

So why hasn't PUHCA been repealed? Because it has been held hostage to the overall electricity restructuring debate. Seventy years of distrust between public power and investor-owned utilities (as well as rural cooperatives) have led their respective advocates in Congress to view the policy arena as a zero-sum game. What is good for one is, by definition, bad for the other. The problem with this thinking is that with interconnected electric grids and regional wholesale energy markets, when markets don't work efficiently, consumers suffer regardless of who supplies their gas or electricity. In other words, when legislative barriers to capital formation create bottlenecks in the energy delivery system, Congress needs to step up to the challenge.



As Senate Democrats now face the responsibility of governing, I encourage my former colleagues to look at the issues of public power tax policy and PUHCA repeal in terms of a broad financial modernization of laws governing our energy infrastructure. Municipal utilities have a long history of providing quality service at fair prices in virtually every state in the country. Allowing these entities greater flexibility in financing their operations will enable them to participate in the market on a limited basis without retroactively losing their tax-exempt status. That's good public policy. Doing the same for rural cooperatives makes sense too. Investor-owned utilities need to be freed from artificial barriers to investment and efficient operations by repealing PUHCA and replacing it with transparent access for state and federal regulators to their books and records.

The dramatic drop in energy prices at midsummer demonstrated that markets will, where allowed, respond to price signals. There is no need to break the bank at the Treasury with new subsidies or to throw our environmental laws out the window to solve our energy problems. The country does need, however, a substantial commitment to new electric and gas infrastructure, particularly transmission, in the years to come. The situation in California demonstrates the costs that result from breakdowns in these networks.

Fixing utility tax laws and repealing PUHCA can be done at little or no cost to the taxpayer and with no reduction in consumer protection. These actions will unleash large new quantities of capital for investment in the energy sector. That's an approach that Democrats should be taking to address the energy challenge. ●

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The New Health Care

Scientific advances are forcing a twin revolution in health care delivery and insurance.

› *by* **David Kendall, Jeff Lemieux, S. Robert Levine, M.D.,** *and* **Kerry Tremain**

Amid the battles over a Patients' Bill of Rights, Medicare reform, and coverage for the uninsured, few have stepped back to take in the dramatic changes in health care in recent decades. Scientific advances in screening and diagnostic tools, pharmaceuticals, and surgical procedures have dramatically pushed up our ability to detect and treat disease at its earliest stages. But like childhood vaccinations in poor countries, the best medical advances are useless without an effective way to deliver them and pay for them. That's why a little-noticed revolution in America — call it the New Health Care — is forcing us to rethink and reform our delivery and insurance systems.

Consider your heart. If you had suffered from coronary artery disease in the 1960s, your chances were 50-50 that your first diagnosed symptom would also have been your last — a fatal heart attack. At that time, the cures for heart disease followed the engineering logic that characterized the industrial age. When hearts failed, doctors tried to bypass diseased arteries or replace entire hearts. Medical specialists flourished, and among specialists, heart surgeons were the Brahmins. For Americans alive at the time, images of the first heart transplant, performed by South African surgeon Dr. Christiaan Barnard in 1967, are etched in their memories as deeply as those of Neil Armstrong's walk on the moon in 1969.

Then, as now, coronary artery disease was the nation's No. 1 killer. Today, heart surgery is still done in hospitals by highly trained specialists and still costs a lot of money. Health insurance is still designed to cover catastrophic illness — to make sure that when "lightning strikes" you or your loved one in the form of a heart attack or other serious illness, it doesn't strike your pocketbook with equal force.

But the truth is that today nearly everything else has changed. Most people now know whether they have heart disease long before they have a heart attack, and they need New Health Care tools to effectively manage their condition.

The New Health Care focuses on predicting likely problems, preventing disease and related calamities, and "care management." It focuses on screening, support for healthy behavior change, minimally invasive interventions, and continuous care for chronic health conditions like heart failure. New Health Care involves helping patients learn from the Internet and self-help books, through the proliferation of support groups and peer-to-peer health communications, or even via the barrage of New Health Care advertising. Thus educated, they can take charge of their own health. The old health care assumed that "Doctor knows best." The New Health Care is based on partnership, not paternalism. If the old care reflected industrial era thinking, in which medical authority was concentrated in specialists and flowed downward, the New Health Care envisions information flowing through networked teams of professionals and health care consumers. The old health care focused on diseased parts; the new favors coordinated and continuous care of the whole person.

> "The old health care assumed that 'Doctor knows best.' The New Health Care is based on partnership, not paternalism."

Because we live longer, healthier lives than we did 40 years ago, our greatest health care needs are no longer for last-minute acute interventions in hospitals — when "lightning strikes" — but for chronic conditions, like diabetes, heart disease, asthma, Alzheimer's, and arthritis, which collectively afflict 125 million Americans. Tragically, our methods of delivering care and our methods of paying for care have not kept up with our scientific advances or the explosion of chronic care needs. In the next wave of reform, we need, and are just beginning to see, a twin revolution in health care delivery and insurance to match the new needs and innovations.

Thanks to laboratory research and epidemiological studies, for instance, we now better understand the role of risk factors in coronary artery disease. Consequently, we know that our best defenses against heart disease are to exercise, lose weight, avoid smoking and, when necessary, take cholesterol-lowering drugs. Inexpensive medications like aspirin and beta-blocker drugs also significantly reduce the likelihood of dying from heart attacks. Diagnostics and therapeutics have radically improved and become simpler, less invasive. Expensive hospitalizations and surgeries no longer represent the pinnacle of medical care but the failure of less risky options.

Still, congestive heart failure accounts for over 1.5 million hospital admissions per year. Why? Because, even though we know better ways to treat patients, our

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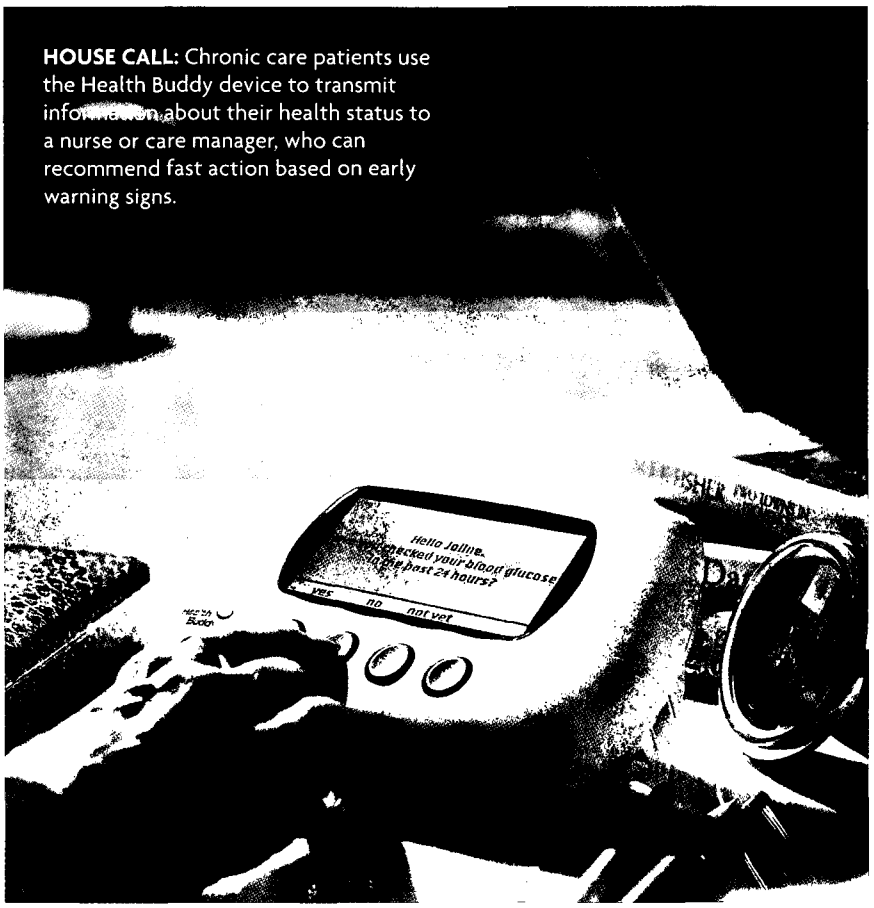

HOUSE CALL: Chronic care patients use the Health Buddy device to transmit information about their health status to a nurse or care manager, who can recommend fast action based on early warning signs.

health care system is not designed to deliver high quality care on a consistent and ongoing basis, and our insurance system doesn't reward it. A recent study of elderly heart attack victims showed that only one in five of the eligible patients was receiving the appropriate medications. This underuse of well-established medical knowledge is matched by a parallel overuse of other treatments. Dr. Donald Berwick, who heads one of the leading national organizations to improve health care quality, cites RAND and other researchers who estimate that 30 percent of acute care procedures, including many standard surgeries, are inappropriate. Government agencies or health insurance companies paid for nearly every one of those unnecessary procedures.

Alternatives exist and are expanding. A good example of the New Health Care is a care management system called Health Buddy. Chronic care patients plug a small, counter-top device into a telephone line that lets them record their health condition daily. This information is automatically sent over the Internet to a nurse or care manager who can recommend fast action based on early warning signs. Patients use Health Buddy consistently because it is easy to use, and they get comfort from having someone else monitor their health. In one study of patients with congestive heart failure, Health Buddy's simple, team-based system reduced hospital stays and trips to the emergency room by 69 percent and reduced costs by more than $8,000 per patient per year.

extras Get more on the Web > NDOL.org Search: Extra Health Policy

We know from numerous studies that this partnership approach to chronic care is both the best practice and more efficient, but few of our provider systems are set up to deliver it and few insurers pay for it. Medicare and most health insurance providers still treat a doctor visit or hospitalization as the basic unit of transaction. Those twin and intertwined problems, in delivery and payment, account for most of the wasted lives and dollars in the health care system.

Health maintenance organizations were originally designed to establish a comprehensive approach to health promotion and integrated care of chronic illness. Instead, HMOs all too often took the low road — emphasizing cost-cutting instead of managing care. The Patients' Bill of Rights arose as a legislative corrective for HMOs' heavy-handed tactics and as a way for doctors to regain some of the authority they have lost.

But no legislation can turn back the clock on the real source of upheaval in health care. The explosion of new knowledge on illnesses, diagnostic methods, and treatments is causing vast underlying changes in what is possible and what Americans expect. The new realities of 21st-century health care rule out a return to the old-fashioned "Doctor knows best" approach and demand a fundamental change in the nature of health insurance.

Health insurance should evolve from a one-size-fits-all model focused on acute care to one that allows patients to choose providers, services, and products customized for their health care needs. Care management networks will provide a set list of best-practice providers and treatment protocols as a way to help patients better manage chronic illnesses and reduce their out-of-pocket expenses. Health plans can't afford to just pay for all the health services we want — premiums would go through the roof. But they can help us find the best health providers and care management programs to help us stay as healthy as possible, and reward continuous improvements in quality.

The promise of New Health Care is longer, healthier lives. The challenge to enlightened political leaders is to empower health consumers and push insurers and medical professionals toward true partnerships with their patients. ●

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A third way on missile defense

Restoring a sense of proportion to the debate.

> *by* **Steven J. Nider**

President Bush's stubborn insistence on making missile defense the centerpiece of his national security policy has bred confusion and suspicion at home and abroad. To many U.S. allies in Europe, White House missile mania is evidence of a worrisome trend toward American unilateralism. To Russia, it looks like an American bid to break free from arms control treaties so laboriously negotiated during the heyday of superpower rivalry. And to Democrats, it smacks of a new political litmus test designed to reinforce GOP "toughness" on national security.

These fears flourish because Bush has failed to offer a coherent rationale for national missile defense. The White House has not clearly defined the threats that missile defense would protect us against. Nor has it explained the system's extent and architecture or the technologies it would use.

Even so, Democrats should think twice before they reject missile defense out of hand. Improved defenses against rogue or accidental missile launches should be part of America's new security strategy — not in the starring role the president envisions, but as a supporting player. It's up to Democrats to restore a sense of proportion to the missile defense debate.

A limited missile defense system makes sense as a hedge against contingencies that no one can foresee but that cannot be ruled out. The missile threats facing the United States and our allies are hardly chimerical: More than 30 nations have ballistic missiles that can deliver biological, chemical, or nuclear weapons. Rogue states like Iran, Iraq, and North Korea are engaged in concerted efforts to build or acquire ballistic missiles. And criminal or insurgent elements in unstable countries could gain access to these weapons.

The United States can craft a third way on missile defense by supporting research on promising technologies and linking limited missile defense with nuclear arms reduction. Four key

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principles should guide this approach:

1. We should balance missile defense against other pressing national security priorities. Missile defense is costly; a hasty and ill-conceived plan could crowd out spending on other urgent needs. The Bush administration has requested $8.3 billion for missile defense in fiscal 2002, a 57-percent increase over the current fiscal year. This large increase would come at the expense of other critical defense needs. Developing a limited missile defense is no more important than transforming and modernizing our military, maintaining regional stability, ensuring domestic security against the potential threat of terrorism, or defending against cyber attack.

2. We should deploy a missile defense system only when we know the technology works. The Bush administration is rushing to build at least rudimentary missile defenses by 2005. It intends to break ground on a new test facility at Fort Greely, Alaska, and develop a multilayered land-, sea-, air-, and space-based shield to knock out missiles in all phases of their flight. The administration has made no choices on system architecture and concedes that system capabilities are far from proven. Yet it continues to plunge ahead.

There's no reason for haste (apart, perhaps, from the desire to manufacture an issue for the 2004 presidential campaign). The United States should research, develop, and test a variety of defensive technologies — including mid-course and boost-phase defenses — before deciding to move ahead with deployment.

3. We should link missile defense to a larger strategy for reducing weapons of mass destruction. Russia has severely cut maintenance of its nuclear arsenal because of its dire economic condition. It has a vast stockpile of weapons-grade material that it cannot completely safeguard and a corps of nuclear weapons scientists whom it can barely afford to pay. Rogue states and terrorists who want to threaten the United States or its allies are trying to recruit those experts and get their hands on raw material for bombs. In January 2001 a bipartisan report, commissioned by the Energy Department and written by former Senate Majority Leader Howard Baker and former White House counsel Lloyd Cutler, called for spending $30 billion over the next eight to 10 years in order to secure nuclear and other dangerous material in Russia. Yet the administration has cut funding for cooperative nuclear security programs with Russia. We should increase funding for these and other non-proliferation programs and encourage our allies to follow our example.

STRIKING A BARGAIN: President Bush and Russian President Vladimir Putin have agreed to begin discussions aimed at reducing both nations' nuclear arsenals and allowing the United States to build a missile defense system.

4. We should modernize the Anti-Ballistic Missile (ABM) Treaty to allow both the United States and Russia to research and develop missile defense technologies and systems. The ABM Treaty prohibits the construction of national missile defenses. The Bush administration says it does not want to amend the treaty — in fact, the proposed work in Alaska could violate the treaty within a matter of months. It is trying to persuade the Russians to agree to a mutual withdrawal from the treaty that would kill it outright. Its implicit message to Moscow is: You might as well withdraw, because in any case we are pulling out.

Rather than pressure Russia to kill the accord — or present it with a *fait accompli* — the United States should negotiate a new security understanding with Moscow. Such a framework would continue progress toward nuclear disarmament. At the same time it would show the Russians that a prudent limited missile defense system can add another measure of safety.

At this year's G-8 summit of industrial nations in Genoa, Italy, President Bush and Russian President Vladimir Putin agreed to begin discussions on a post-Cold War disarmament framework that would reduce nuclear weapons on both sides while allowing the United States to build a missile defense shield. As Michael Krepon of the Henry L. Stimson Center wrote in the January 2000 issue of BLUEPRINT, linking limited missile defense with nuclear reductions makes perfect sense.

By tying deep cuts in nuclear arms to a limited missile defense system, the United States can buy an insurance policy against missile threats, strengthen non-proliferation norms, and ensure further cooperation with Russia. That's a national security trifecta for America. ◆

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A world of opportunity

One year later, a trade initiative in Africa is yielding good fortune across the continent.

▷ *by* **Ed Gresser**

Contemporary writers on Africa favor pessimism and sorrow — and from the wars in West and Central Africa to the AIDS crisis, they find all too much of both. Now, however, there is some very good news from Africa: The African Growth and Opportunity Act, passed a year ago to encourage American trade with Africa, is working.

In April 2000, with advice from African governments, businesses, and non-governmental organizations, the Clinton administration joined Democratic U.S. representatives including Charles Rangel, William Jefferson, and Jim McDermott, and Republicans including Sen. Richard Lugar, Sen. William Roth, and Rep. Phil Crane to create America's first major trade preference program in nearly 20 years.

The basis of the initiative was the embarrassing fact that the American trade regime is biased against the poor, both at home and abroad. As decades of trade negotiations have removed most American tariffs on high-tech products and luxury goods, barriers remain high on the goods that poor countries can most easily produce: basic necessities like clothes, shoes, and food.

The consequence is higher prices for Americans — with a special burden on the poor — and diminished prospects for growth and job creation in Africa and other developing regions where industrialization is just beginning. The goal of the African Growth and Opportunity Act, therefore, was to give African nations a chance to win investment by enabling them to sell goods to the United States free from tariffs and quota policies. And despite rearguard protectionism from the U.S. Customs Service, Sen. Jesse Helms (R-N.C.), and the textile lobby, last year's hopes are becoming today's reality.

Imports from Africa (even setting aside energy, where rising oil prices artificially inflate trade statistics) are growing more quickly this year than imports from Asia, Europe, or Latin America. Garment manufacturing — a labor-intensive industry that can create jobs quickly — makes up most of this import growth. And this means hundreds of millions of dollars in investment, tens of thousands of new jobs, and new hope for some of the world's poorest nations.

> "Madagascar's clothing exports are likely to double this year, from $60 million to $120 million, on top of a tenfold increase from 1998 to 2000."

A few compelling examples stand out:

Madagascar. This island nation of 15 million is best known in the United States as the home of unique wildlife like the lemur and the chameleon. It should also be famed among ice-cream lovers, as it is the source of two-thirds of America's vanilla.

But to date, Madagascar's natural beauty has coexisted with poverty. Seven Malagasy people in 10 are peasant farmers, earning an average of $25 a month; a Malagasy baby in the countryside has a life expectancy of 53 years. But for tens of thousands of Malagasy men and women, the Africa trade program has meant suddenly and dramatically expanded horizons.

With greater access to the U.S. market, Madagascar has attracted new investment from companies from Asia, Mauritius, and Europe. These firms have set up 21 new factories in Madagascar, and the island's clothing exports have boomed. In the first five months of 2000, Madagascar exported 430,000 pairs of men's and boys' cotton shorts to the United States; between January and April 2001, the figure nearly quadrupled to 1.5 million. Overall, Madagascar's clothing exports are likely to double this year, from $60 million to $120 million, on top of a tenfold increase from 1998 to 2000.

These statistics mean new hope for individual men and women, as peasant farmers and people working in low-level services find higher-wage manufacturing jobs. Clothing imports for a single American retail chain, The Gap, are likely to create 17,000 factory jobs for Malagasy men and women this year, and more in the future.

Lesotho. An equally remarkable story is unfolding 500 miles away in Lesotho, a tiny, landlocked South African monarchy.

Nearly 90 percent of Lesotho's people are impoverished farmers. The country has less than 600 miles of paved road; until now, fully a third of its economy has been counted in the form of cash remittances from young men working abroad. But with an opening American market, Lesotho is today the site of one of the world's extraordinary investment booms. With 11 new garment factories and four extensions of existing plants going up this year, Lesotho has doubled its manufacturing employment, and much more seems to be on the way.

Last June, for example, Taiwan's Nien

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A BETTER FUTURE: A South African woman operates a sewing machine in a Soweto factory. Thousands of Africans are enjoying a higher standard of living thanks to expanded trade with the United States.

Hsing Textile Co. broke ground for a $100 million factory complex that will employ 4,800 workers. A South African firm has started building a similar factory that will employ perhaps 6,400. To look at the effect in another way, the $122 million in investment these two companies bring in is four times the foreign assistance Lesotho received in 1999.

Across the continent. Similar stories come from every part of Africa.

On the humid coast of West Africa, for instance, the H.J. Heinz Co. is expanding a tuna-processing plant in Ghana as American tariffs on tuna products disappear. Construction has begun on a new $21 million textile plant in Uganda. A South African firm is building a 13,000-employee textile plant, and two new clothing plants are likely to double the number of industrial jobs in Malawi. Arid Mali and Niger, bordering the Sahara, have seen clothing exports leap from $28 million last year to $50 million in the first five months of 2001. Kenya's government believes the Africa bill will create 200,000 jobs; Trade and Industry Minister Kassahun Ayele of Ethiopia calls it a "rescue" for Ethiopia's economy.

More success stories will appear later, as many African governments have yet to fully meet the program's eligibility requirements for clothing-export benefits. And as success in trade gives African businesses and governments new confidence, Africa is preparing to play a larger role in the World Trade Organization and in developing its own plans for regional and continental economic integration.

This is an astonishing story — and all the more so since it comes despite mean-spirited attempts to reduce the Africa trade program's benefits. The Customs Service, for example, has called for restricting imports of knitted sweaters, claiming that the pieces of fabric used to make "knit-to-shape" apparel are not really fabric but some sort of intermediate good. Textile lobby supporters in Congress, meanwhile, led by Sen. Helms, hope to win wholesale revisions in the law to restrict imports of clothes from both Central America and Africa.

One hopes the Bush administration will take a moment to tell the Customs Service lawyers to get back in touch with reality. And the White House should also stand up to congressional right-wingers as they pick on the poor. Africa has seen more than its share of bad news in the past year. We should be proud that we've helped to bring some good news to the continent — and we should do more. ◆

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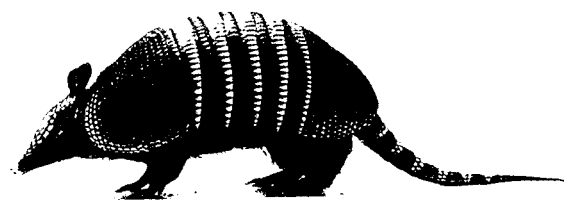

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The work decade

> *"In a Clinton administration, we're going to put an end to welfare as we know it. I want to erase the stigma of welfare for good by restoring a simple, dignified principle: No one who can work can stay on welfare forever."*
>
> —Bill Clinton, October 23, 1991

Ten years ago, welfare was the biggest symbol of government's failure to reflect Americans' values. It penalized mothers who went to work, discouraged families from staying together, and enabled fathers to shirk responsibility for their children. Across racial, class, and party lines, Americans had come to despise the old welfare system. And the people trapped on welfare hated it most.

Five years ago this August, after a long battle with Congress, Bill Clinton signed a sweeping, bipartisan law that fulfilled his promise to end welfare as we know it. For the first time, government required all welfare recipients to work and invested billions on child care and other supports to help them succeed. The law marked the beginning of a new social contract based on work, not dependence — a contract that expanded opportunity, but demanded responsibility in return, by both rewarding and requiring work.

These changes were controversial, to say the least. Three Clinton administration staffers resigned in protest. One of them sold *The Atlantic Monthly* a cover story on welfare reform entitled "The Worst Thing Bill Clinton Has Done." A national columnist wrote that giving President Clinton a second term to restore the bill's cuts in immigrant benefits was like giving Jack the Ripper a scholarship to medical school.

Five years later, those prophecies of doom haven't fared too well, but the people the law was designed to help are doing much better. The welfare rolls have been cut in half — the longest, sharpest decline in welfare dependency in history. Single mothers have entered the workforce in record numbers, an unprecedented 10-point increase between 1992 and 2000. Those who question the value of caseload reduction should consider an even more remarkable fact: Today, a welfare recipient is five times more likely to be working than in 1992.

There will be plenty of debate about what has and hasn't worked when the welfare law comes up for reauthorization next year. But the greatest proof of the law's success is the debate we're no longer having. Whatever one thinks of lifetime eligibility, the needs of long-term recipients, or the other challenges that lie ahead in conquering poverty, the 1990s settled the central question once and for all: Work is the most effective and sustainable basis for social policy.

You could get in trouble for saying that 10 years ago. Of all the orthodoxies the Clinton-Gore administration took on, liberal opposition to a social contract based on work was the most difficult to understand and the hardest to overcome. In a way, the old welfare system was an unfortunate compromise between conservatives who didn't want the federal government to spend more on poor people and liberals who didn't want government to ask more of them. The 1990s proved we could do both. That breakthrough was important because it destroyed the debilitating premise that the poor are irreparably broken people and that the underclass was stuck forever outside the mainstream of American life.

A good economy, an expanded earned income tax credit, a higher minimum wage, and welfare reform helped 7 million people lift themselves out of poverty. But people who've gone from welfare to work have gained something more important than income. In ways we can't begin to measure, their children are better off growing up in households and communities where people work.

Along the way, welfare reform has transformed the political debate by ushering in a day when all the poor can be the deserving poor. Compassionate conservatism may be a hollow promise, but Clinton's success in restoring immigrant benefits — and Republicans' hasty retreat — suggest that it may be a while before Republicans return to compassionless conservatism.

We have a heap of unfinished business — health care, child care, expecting as much of fathers as we have of mothers. The people on welfare America had written off for generations have shown that they're willing to uphold their part of the social contract if we do ours.

This new bargain — helping people help themselves — provides a philosophical basis for activist government that could prove as enduring in this century as the New Deal was in the last. The real Clinton legacy on the poor comes down to one word: work. ◆

▷▷ **Bruce Reed** is president of the Democratic Leadership Council and was President Clinton's domestic policy adviser.

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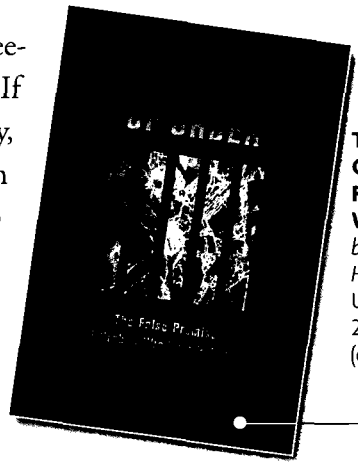
Crime and punishment

▸ *by* **Fred Siegel** || One of the great strengths of America's free-wheeling society is that not even success goes unchallenged. If Microsoft seems to do too well, people want to know why. Similarly, it was only a matter of time before critics began questioning both "broken windows" policing and expanded incarceration — two successful crime-fighting strategies that helped make the urban revival of the 1990s possible.



The Illusion of Order: The False Promise of Broken Windows Policing *by Bernard E. Harcourt* • Harvard University Press • 294 pp. • $35.00 (cloth)

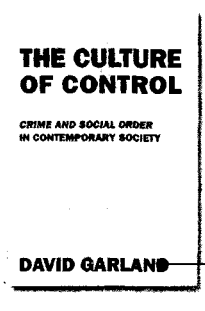
Broken windows policing takes its name from an influential 1982 article in *The Atlantic Monthly* by criminologists James Q. Wilson and George L. Kelling. Under the strategy, police crack down on vandalism and other petty crimes that make neighborhoods threatening to residents and inviting to would-be felons. The most famous broken windows successes came in the early 1990s, when the New York City Transit Police began arresting turnstile jumpers and found that one in seven were fugitive felons.

Expanded incarceration is self-explanatory. Like broken windows policing, it's effective. And for some academics and writers, that's a problem.

All of the four books under review criticize current crime policy. Bernard E. Harcourt and David Garland are college professors, and Joseph T. Hallinan and Jennifer Wynn are journalists. All share a worrisome trait: They ignore the past decade's crime-fighting gains and reassert old arguments regnant in the 1970s when crime exploded and cities crumbled.

Harcourt's, Garland's, and Wynn's books all reflect the influence of the French philosopher Michel Foucault, who died in 1984. Although most BLUEPRINT readers probably have never heard of Foucault, he has been a powerful intellectual force in American universities for nearly three decades, and his ideas helped forge the lenient attitude toward crime in the 1970s. A quick survey of Foucault's ideas shows why his influence has been pernicious — and, ironically, triumphant.

Foucault argued that the best persons made themselves unaccountable to the truth, which he considered a repressive concept. His most influential book in the United States, *Discipline and Punish: The Birth of the Prison*, opens with Foucault reveling in a scene of torture. Torture, he said, is greatly preferable to attempts to rehabilitate criminals. Crime filled him with hope because its existence meant that society cannot represses our primal energies.



The Culture of Control: Crime and Social Order in Contemporary Society *by David Garland* • University of Chicago Press • 307 pp. • $30.00 (cloth)

Foucault thrilled the left with his talk of the "capillary power" of capitalism, which controls us through the disciplinary concepts of crime and punishment. If the jails could be emptied, he and his followers hoped, the primitive rebels of the world might free the rest of society's stifled souls.

Foucault famously reversed the relationship between crime and punishment. Social repression, he insisted, created criminality. Bourgeois society didn't imprison rebels because they were criminals, but rather it criminalized rebels by imprisoning them. Wynn echoes Foucault when she insists that "incarceration increases crime," as does Harcourt when he argues that broken windows policing "turns disorderly people into dangerous and threatening people."

As crazy as it sounds, Foucault and his acolytes inadvertently did society a big favor. As Garland notes, their argument that prisons never had and never could rehabilitate prisoners carried the day. But their case was soon seized upon by the neoconservatives, who argued that we should just forget about rehabilitation and simply use prisons to punish the guilty and protect the innocent from predators, a set of assumptions that holds sway to the present. Hallinan recounts the sad story of the Marxist criminologist Robert Martinson, who concluded after an exhaustive study that efforts to rehabilitate criminals had no appreciable effect on recidivism. Despairing of the way his arguments were being hijacked by centrists and conservatives, he jumped to his death from a 14th-story window.

The Harcourt and Garland books are marinated in nearly unreadable Foucauldian rhetoric. Garland's book seems particularly pointless. He bemoans "the re-appearance in official policy of

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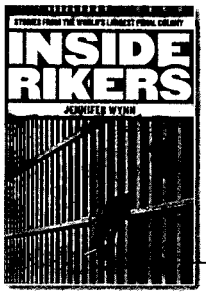


Inside Rikers: Stories from the World's Largest Penal Colony
by Jennifer Wynn
• St. Martin's Press
• 256 pp. • $24.95 (cloth)

punitive sentiments and expressive gestures that appear oddly archaic and downright anti-modern [and] tend to confound the standard social science theories of punishment."

"Not even the most inventive reading" of Foucault and Marx, Garland goes on, "could have predicted these recent developments." In other words, the problem is that practice has "confounded" theory.

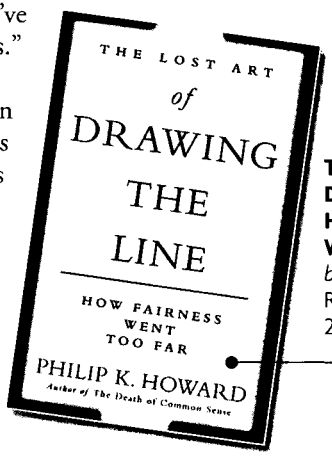
Harcourt knows that he despises broken windows policing, but he can't quite decide why. On the one hand, he insists there's no evidence that the strategy works (the revival of inner-city neighborhoods apparently doesn't count for him). On the other hand, he worries that it works too well. To him, it's exactly what Foucault warned about: the dreaded "disciplinary project of surveillance" aimed at normalizing the disorderly. It's hard to know whether Harcourt is serious when he cites the well-known case of John Royster, a murderer caught by the New York police when he was arrested for jumping a subway turnstile, as an example of the danger of broken windows policing.

Hallinan's and Wynn's books deal with the problem of the growing number of released prisoners who are unprepared to re-enter society. Hallinan notes that about 500,000 people leave U.S. correctional facilities every year. Eighty-five percent of the 30,000 inmates released from New York state prisons in 1999 returned to high-crime neighborhoods in New York City. When prisoners are discharged from the city's Rikers Island prison complex, Wynn notes, they leave with "little more than a $4.50 subway pass and the clothes they arrived in." ⇨

A case of legalitis

▸ *by* **Jonathan Rauch** || Last summer, Congress passed the so-called Patients' Bill of Rights. The basic idea is to improve America's health system by giving more people access to a — did someone say doctor? Sorry; the correct answer is a lawyer. Now, there are plenty of pros and cons to particular aspects of this legislation, but if you step back and think a bit, it does seem odd that a country with all sorts of health-care problems — runaway costs, 43 million uninsured, high incidence of medical error — should so reflexively turn to the legal system for answers.

Once, not long ago, Americans said: "You've got a problem? We've got a program." Now they say: "You've got a problem? We've got a process." A legal process, to be specific.



The Lost Art of Drawing the Line: How Fairness Went Too Far
by Philip K. Howard
Random House •
255 pp. • $22.95

This is not, on the whole, an improvement. The political machines of the 1900s, the alphabet agencies of the 1930s, and entitlement grants and independent agencies of the 1960s and 1970s all had their shortcomings as instruments of public policy. But at least they were mostly interested in solving aggregate problems, and they were mostly accountable to voters and communities in the long run. Their successor as public-policy instrument of first resort —Bureaucratic Legalism, I call it — just grinds mindlessly forward. It applies a cookie-cutter legal process to every problem it sees, advances case-by-case with hardly any concern or accountability for big-picture outcomes, and remains as serenely confident as any Soviet emigration bureaucrat that if the process is correct, the outcome must be right. Thus arises the notion, so utterly loopy yet so characteristic of today's America, that the way to solve medical problems is with legal reforms.

The good news is that fresh breezes are stirring. Just lately, a small but growing band of thinkers has been challenging the core premises of America's addiction to law. They are saying that today's legal system is not just flawed or biased. Rather, it's irrational, self-defeating, and helpless to curtail its excesses — in a word, neurotic. I am one of this group. I come at the issue from a communitarian point of view, since I worry that the advance of legal process into one socially sensitive zone after another — school discipline, playground arguments, workplace flirting, on and on — quietly crushes the subtle mechanisms of etiquette and custom that communities rely on to make and keep interpersonal peace. In *Jurismania: The Madness of American Law,* Paul F. Campos of the University of Colorado Law School makes a brilliant case that "much of what is called the rule of law resembles, in its most florid manifestations, a culturally sanctioned form of obsessive-compulsive behavior." At any number of think tanks, scholars are beginning to reckon with the antidemocratic implications and irrational results of using litigation and juries, ⇨

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Crime and Punishment

So, why hasn't the release of these prisoners sent crime rates soaring? Part of the answer is that broken windows policing has been augmented by broken windows probation, which involves the very surveillance Harcourt decries. In the past, when convicts left jail they would disappear on the streets. Many would reappear later as welfare cases, patients at public hospitals, or (all too often) as suspects in new crimes. Government agencies dealing with them had no idea what the other agencies were doing.

But increasingly in New York City and elsewhere, ex-prisoners are supervised by joint task forces of police, probation, and parole officers. Today, New York can keep track of most ex-cons whether they be on welfare, in jail, or trying to go straight. And under its welfare commissioner, Jason Turner, the city is increasingly using money saved from declining welfare rolls to provide people leaving prison with drug treatment and job-readiness training. Wynn doesn't mention this in her book, but the reason why the 10 jails on Rikers Island were transformed from "powder kegs ready to explode" to relatively quiet and orderly facilities is that they applied the same broken windows practices that work on the streets.

Going Up the River: Travels in a Prison Nation *by Joseph T. Hallinan* • Random House • 262 pp. • $24.95 (cloth)

Broken windows policies can't rehabilitate people who've never been "habilitated." But judging by the alternatives offered in these books, until we know how to make the broken whole, those policies are about as good as we can hope for. ◆

>> **Fred Siegel** is culture editor of BLUEPRINT.

>> **EXCERPT**

People power

Adapted from *Civic Innovation in America: Community Empowerment, Public Policy, and the Movement for Civic Renewal*

▷ *by* **Carmen Sirianni** *and* **Louis Friedland**

University of California Press • 371 pp. • $50.00 (cloth)

The central motif of the civic renewal movement is that we as citizens must reclaim responsibility for and power over our nation's public affairs. Responsibility entails at least several things beyond the usual list of duties to obey laws, pay taxes, vote for representatives, or protest injustice. It involves responsibility for engaging in the shared tasks that build communities and create the commonwealth on an everday basis or, in the words of Jane Adams, for doing the "civic housekeeping" needed to reproduce the republic. It includes finding ways to collaborate across all kinds of professional and organizational boundaries and to define the civic dimension of every occupational identity. Democracy is fundamentally the shared work of citizens of modest virtue acting pragmatically to solve problems, build productive relationships, and produce things of value. Democratic work is what schoolchildren do when they raise baby oysters, plant acorns, and gather water-quality data to restore the commonwealth of our ecosystems. ... Democratic work is what nurses do when they come to public forums to help fashion a values framework for state health reform, and it is what civic journalists do when they craft new ways to foster responsible and informed public debates that guide policymakers and elicit further democratic work by citizens themselves.

Responsibility means working on common tasks even with people who may share little in common with us and, indeed, may have fundamentally different values on some issues. Thus, the movement enlarges the imagination of what is possible and necessary for highlighting "difficult cases" of common work, such as the work of pro-life and pro-choice activists who collaborate to expand adoption and maternal-health services, or the work of the militant gay activists and Christian fundamentalists who spontaneously clasp hands in a great cheer after fashioning a bill for the Colorado state legislature on a mutually acceptable AIDS education program for the schools. Each set of activists accomplished productive work of value to their communities and to a larger polity torn by divisions, even though they disagreed deeply on important values and would continue in other contexts to mobilize around them. ◆

>> **Carmen Sirianni** is professor of sociology and public policy at Brandeis University. **Louis Friedland** is associate professor of journalism and mass communication at the University of Wisconsin-Madison.

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A case of legalitis

rather than legislatures and agencies, to set national social policy.

Now comes Philip Howard. Again. In 1994 he published *The Death of Common Sense: How Law Is Suffocating America* (Random House). So determined (he said) were regulators and lawyers to lay down precise rules for every situation, and thus stamp out arbitrariness and unfairness, that they had deprived themselves of the ability to use common sense, with results that were often more arbitrary and unfair than anything seen before. "Relaxing a little and letting regulators use their judgment is the only way to liberate our judgment," he concluded.

Well, that hardly seemed like a remedy. "I was surprised," Howard writes in the introduction to his new book, "when people kept asking me for a solution. The solution, I thought, could not have been clearer: Unchain people from detailed rules and bureaucratic process and let them take responsibility, to succeed or fail. ... What I did not appreciate was that America has lost the idea that people with responsibility, like judges and school principals, should have the authority to make decisions just because it seems right. Authority has become a suspect concept."

In *The Lost Art of Drawing the Line: How Fairness Went Too Far*, Howard, a practicing attorney in Manhattan, attempts to extend and deepen his original thinking by reacquainting Americans with the notion that authority is not the enemy of freedom or fairness; it is the very oxygen they breathe. By authority he does not mean authoritarianism, the exertion of raw power; he means the ability of people in positions of responsibility to make judgment calls for which they will then be held accountable by the people around them. "We don't have that power," he writes. "We lost it when we took away the authority and replaced it with bureaucracy."

What sort of bureaucracy? He complains about civil-service bureaucracies, education bureaucracies, medical bureaucracies. But his main complaint is with Bureaucratic Legalism itself. Today's obsession with legal process is founded, he argues, on two misguided premises: first, that any exercise of authority should be considered arbitrary and thus suspect if it is not objectively defensible in court; and second, that the system is fairest if every possible claim is given its day in court. The result is that, at the drop of a lawsuit, litigants and courts stand ready to second-guess every imaginable decision. "Law looms over daily choices, demanding proof by objective criteria" — proof which is, of course, often impossible to provide, since effective leaders often go on their gut. Applying due-process standards to everyday problems paralyzes authority and makes ordinary people afraid to use their best judgment. "Social relations in America, far from steadied by law's sure hand, are a tangle of frayed legal nerves," he writes. "Legal fear has become a defining feature of our culture."

By way of support, he marshals anecdotal evidence amassed by a small army of researchers. Here you will find the inevitable chestnut about the woman who won a judgment against McDonald's after she spilled hot coffee on her lap. Here, too, are churches that discourage ministerial counseling for fear of litigation, a police department that banned swivel chairs after three employees fell out of them and won disability claims, playgrounds emptied of seesaws and monkey bars, and principals unable to fire cocaine-dealing teachers. So plainly selective is Howard's research, however, that the horror stories will do little to convince nonbelievers. Rather, the book will stand or fall on the power of its underlying argument; and one's opinion of that, in turn, hinges on whether one considers *The Lost Art of Drawing the Line* a superficial book trying to appear profound or a profound book trying to appear superficial.

The case for the former is that cartoonish statements such as "most people are afraid to do much of anything" and "America's schools have a culture that more closely resembles that of a penal institution" and "everyone ... in education seems to be giving up" hardly do justice to the nuances of real life. And that calling on judges to use their common sense and discretion seems an unpromising remedy, since many people think that judges' well-meaning extemporizing is exactly what got us into this mess. And that his proposed remedy, which is that "all the systems erected to avoid human authority — the civil service system, the dictates of teachers unions, lawsuits à la carte — need to be overhauled or dismantled," seems a tad, let us say, unrealistic, even if you happen to agree that it is desirable.

The case that the book is a profound one that only appears superficial, on the other hand, notes that Howard's main goal is not to propose 10-point reform plans but to make us think about authority and judgment in a wiser way. He wants us to reject the knee-jerk hostility to authority that today's right and left often, perversely, share. Conservatives need to let bureaucrats exercise judgment in setting workplace rules, and liberals need to let principals exercise judgment in firing bad teachers: not because authority is always fair or benign (hardly!) but because the alternative — rules without sense, process without purpose — is ultimately less fair and benign.

Me, I come down on the profound side. For all his Crayola generalizations and neglect of institutional obstacles and economic incentives and whatnot, Howard is on to something deep and important. It is not anti-government to insist, as many New Democrats have so effectively done, that government agencies should be judged on the basis of success (outputs) rather than process (inputs). And it is not anti-law to hold America's legal system to the same standard and find it miserably wanting. To paraphrase someone or other, Bureaucratic Legalism is not the solution to our problems; increasingly, Bureaucratic Legalism is the problem. ◆

>> **Jonathan Rauch** is a columnist for *National Journal* and a writer in residence at the Brookings Institution.

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What Americans really think about

The Mobility Crisis

Voters say traffic congestion is getting worse and they want to see a balanced approach to the problem. They support more road construction and higher fuel-efficiency standards for all vehicles. But they also favor more spending on mass transit and have mixed feelings about charging drivers and airlines for the right to use busy roads and airports during peak hours.

> *by* **Mark J. Penn**

Every day, millions of Americans are caught in a hurry-up-and-wait routine in airports, train stations, and on roads and expressways around the country. Independent studies and census data have shown more and more people are sitting in traffic as they head to their place of work, run errands, or drive to their vacation destination. The same is also true for the business and leisure air travelers who run to the airport only to sit down and wait for the plane that was late leaving Chicago or that still has to make a stopover in Denver and will reach Los Angeles five hours after it was scheduled.

This DLC-BLUEPRINT poll by Penn, Schoen and Berland Associates examines how people feel about strategies to reduce congestion on our roads and expressways and in our train stations and airports. The national poll was conducted among 531 registered voters from July 31-Aug. 1, 2001. The poll has a margin of error of +/- 4.4 percent, larger for subgroups.

The highlights of the survey include:

- More than 70 percent of Americans believe traffic congestion in their area has gotten worse rather than better in the last 10 years.
- Americans want to tackle the difficult problem of reducing traffic congestion with a balanced approach. People overwhelmingly use automobiles and value the importance of building new roads and expanding existing ones. But they also see the benefits of building more mass transit systems and encouraging more people to use them. However, certain groups, such as women with children and employed people, place the emphasis on building new roads.
- Despite congressional votes against significantly raising fuel-efficiency standards, a majority (58 percent) of Americans support increasing them for all cars and trucks. A near identical percentage (62 percent) think sport utility vehicles should meet the same standards as regular cars.
- A majority of Americans support turning underutilized high-occupancy vehicle (HOV) lanes into toll lanes and see this as a good way to reduce congestion with existing infrastructure. But they are skeptical about the broader idea of "congestion pricing," charging drivers or airplane companies to drive or land during high peak traffic hours.
- A majority of Americans believe those who live near airports and proposed airport sites should be compensated and relocated to make room for airport expansion and construction.

>> **Mark J. Penn** is president of Penn, Schoen and Berland Associates Inc., and was pollster to President Clinton. Research and polling assistance provided by **Jay Leveton**.

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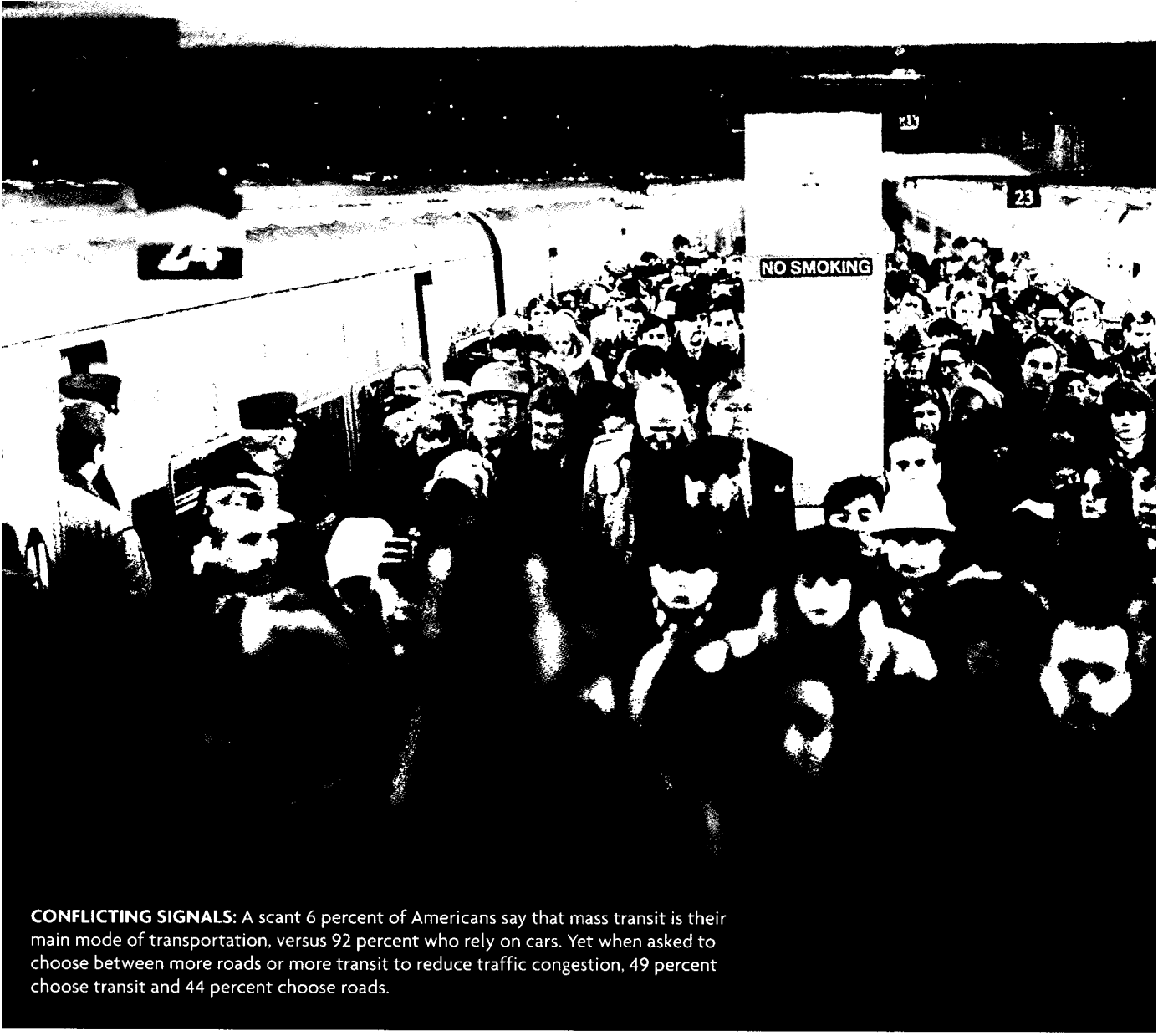

CONFLICTING SIGNALS: A scant 6 percent of Americans say that mass transit is their main mode of transportation, versus 92 percent who rely on cars. Yet when asked to choose between more roads or more transit to reduce traffic congestion, 49 percent choose transit and 44 percent choose roads.

▷ The Poll

America has in the past and continues to be a country of drivers who enjoy the freedom of the automobile. More than nine in 10 Americans say automobiles are their main mode of transportation.

Q. What is your main mode of transportation? Car or some form of mass transit?

ALL	CITY	SUBURB	RURAL
92/6	86/12	98/2	95/2

Three-quarters of city and suburb dwellers think traffic has gotten worse while a very strong two-thirds of rural dwellers agree.

Q. Over the last 10 years do you think traffic congestion in your area has gotten worse/gotten better/stayed the same?

ALL	CITY	SUBURB	RURAL
71/6/21	72/7/19	75/8/15	66/3/27

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Americans support a balanced approach between mass transit and more road building to combat traffic congestion. They first point to mass transit as the ideal way to this end. It draws the most intense response, with 51 percent saying encouraging more people to use mass transit is very important and 49 percent saying building the mass transit infrastructure is very important. However, with only 6 percent of Americans taking transit despite its significant expansion in the last decade, it's not clear that most Americans would use it.

Expanding existing roads and building new ones also garnered strong support, with 42 percent saying it was very important and 78 percent total saying it was an important action. Other solutions, such as encouraging people to work from home, are supported by two-thirds of the American public but they do not elicit the same strength of support as the "meat and potatoes" of mass transit and roads. It's worth noting that unemployed people are significantly more wedded to mass transit than others.

Q. I am going to read you a list of actions that could be taken to reduce traffic congestion on roads and highways. For each one tell me if you think it is a very important action, somewhat important, not very important, or not at all important. *(Subgroup numbers represent "very important" totals.)*

	VERY IMPORTANT	IMPORTANT/ NOT IMPORTANT	CITY	SUBURB	RURAL	EMPLOYED	UNEMPLOYED
Encourage more people to use mass transit	51	81/17	54	53	46	47	59
Build more mass transit including bus, light rail, and subway systems	49	77/20	58	48	42	46	58
Expand existing roads and build new ones	42	78/20	42	43	43	43	42
Encourage more people to work from home or "telecommute"	30	66/30	33	31	28	31	30

When asked which strategy would be most effective and realistic in reducing congestion in their area, more roads with more fuel-efficient cars or more mass transit, a majority of city dwellers vote for more mass transit usage. Support for mass transit declines as you head out to the suburbs and rural areas. Suburbanites are split evenly between the two while a near majority (49 percent) of rural Americans support more roads with more fuel-efficient cars. Other demographic groups, such as women with children and employed people, also show a desire for more roads and cleaner cars.

Q. Which do you think is a more effective and realistic strategy for reducing traffic congestion in your area?

	ALL	CITY	SUBURB	RURAL	WOMEN W/KIDS	EMPLOYED	UNEMPLOYED
Building more roads while encouraging the development of cleaner, more fuel-efficient cars	44	38	48	49	57	50	34
Encouraging people to use mass transit to reduce demand on roads	49	58	48	42	37	45	58

A majority of Americans support using high-occupancy vehicle (HOV) lanes as toll lanes to ease congestion. The strongest support comes from rural dwellers. However, support declines as one moves toward urban areas.

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Q. Currently, some cities have high-occupancy vehicle lanes on their expressways that are restricted to cars carrying two or three or more people during rush hour periods. Because these high-occupancy-vehicle expressway lanes are often underused, some propose also opening these lanes to any driver willing to pay a toll, as a way to ease traffic congestion on regular highway lanes. Do you strongly support, somewhat support, somewhat oppose, or strongly oppose this proposal?
(Support = strongly + somewhat / Oppose = somewhat + strongly.)

ALL	CITY	SUBURB	RURAL
52/43	48/47	50/46	57/36

Regardless of whether they support or oppose the proposal, a majority of people think it would be successful in using underutilized resources and reduce the amount of time people spend sitting in traffic.

Q. Which is closer to your view on this proposal?

	ALL	CITY	SUBURB	RURAL
I think it would unfairly benefit people who are willing to pay the toll to get to their destination faster.	31	34	31	28
I think it would allow more drivers to use all expressway lanes and thus relieve traffic on regular lanes, so fewer people overall would have to sit in traffic and for reduced periods of time.	54	51	56	56

On the other hand, the broader idea of "congestion pricing" or rush-hour tolls does not command strong support as an effective way to reduce traffic at peak-usage periods. The most negative response to the proposal came from suburban dwellers.

Q. Some experts say we need a new, market-based approach that enables local communities to charge drivers tolls during rush hours to encourage them to use streets and expressways during off-peak hours. Do you think this proposal would be very effective, somewhat effective, not very effective, not at all effective? *(Effective = very + somewhat / Not effective = not very + not at all.)*

ALL	CITY	SUBURB	RURAL
38/57	40/54	34/64	40/53

Despite a recent congressional vote against raising fuel-efficiency standards, a majority of Americans support increasing them. The strongest support comes from independent, Democratic, and suburban voters. Republicans oppose raising standards by slightly more.

Q. Which is closer to your view on gas mileage standards set by the U.S. government for cars and trucks?

	ALL	CITY	SUBURB	RURAL	DEM	REP	IND
The standards need to be increased because they have not been raised in 15 years and we need to reduce the amount of gas we use as a country.	58	58	60	58	62	43	66
Congress should keep standards where they are working fine and if they did raise the standards cars would become more expensive.	33	33	35	33	29	44	31

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Q. AMONG THOSE WHO OPPOSE RAISING STANDARDS: Experts say the extra money consumers spend to buy a more fuel-efficient car would be saved because less money would need to be spent on gas to run the car. Given this do you favor or oppose raising federal fuel-efficiency standards?

ALL	DEM	REP	IND
34/56	32/48	28/67	40/54

Nearly two-thirds (62 percent) of all Americans believe sport utility vehicles should be required to meet the same fuel standards as regular cars. Again, the strongest support came from Democrats and independents while Republicans were split down the middle.

Q. By law, auto manufacturers have to meet a 27-mile-per-gallon standard for cars while light trucks and sport utility vehicles have to meet a 20-mile- per-gallon standard. Do you think sport utility vehicles should or should not be required to meet the same gas standards as regular cars?

ALL	DEM	REP	IND
62/36	70/28	50/49	65/34

A solid majority of Americans support a rail reform package that would eliminate long-distance lines while beefing up high-speed regional and commuter lines. But support for this tradeoff varies significantly by income level. More affluent Americans are much more receptive to the proposal than low-income Americans, who may believe ticket prices on high-speed trains would be prohibitively high.

Q. Would you strongly support, somewhat support, somewhat oppose, or strongly oppose a significant investment from the federal government to create a regional and commuter high-speed rail line with trains that can reach speeds of up to 180 miles per hour to link major metropolitan areas while eliminating Amtrak and long-distance trains that are unprofitable? *(Support = strongly + somewhat / Oppose = somewhat + strongly.)*

ALL	<30K	30-75K	75K+
56/38	49/43	66/33	63/34

A majority of Americans support a public-private partnership to modernize airport facilities to deal with congestion and delays.

Q. Experts say one reason for increased air transportation delays and safety concerns is that air traffic control systems are outdated and need to be modernized to meet increasing demands on the system. They have proposed moving air traffic control duties away from the Federal Aviation Administration to a public-private corporation that would be charged with modernizing how air traffic is handled to reduce congestion and delays. Do you strongly support, somewhat support, somewhat oppose, or strongly oppose this proposal? *(Support = strongly + somewhat / Oppose = somewhat + strongly.)*

ALL	DEM	REP	IND
55/35	58/32	64/28	48/44

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About two-thirds of Americans believe SUVs should meet car-level fuel standards.

Air traffic congestion pricing plans are opposed by a majority of Americans, and that opposition increases as you go up the income ladder.

Q. Some experts say we need a new, market-based approach to reducing air traffic delays and congestion in U.S. airports by charging airline companies more money to land their planes during high traffic times during the day to better spread out air traffic. Do you strongly support, somewhat support, somewhat oppose, or strongly oppose this proposal? *(Support = strongly + somewhat / Oppose = somewhat + strongly.)*

ALL	<30K	50K+	100K+
39/53	41/53	37/57	28/72

The poll shows significant sympathy for NIMBY ("not in my backyard") opponents of airport construction and expansion among urban, independent, Democratic, and rural voters, though the sentiment that they are overriding broader public interests rises among suburbanites.

Q. Which is closer to your view on new airport construction and current airport expansion?

	ALL	CITY	SUBURB	RURAL	DEM	REP	IND
I think residents living next to current airports and those living next to proposed new airport sites are blocking capacity expansion at the expense of having a safe and modern air travel system.	34	33	45	29	28	42	36
I think homeowners living next to airports or near proposed airport sites should have the right to live without the disturbances that would come with new or increased air traffic over their property.	47	53	39	48	55	44	44

On the other hand, over two-thirds of city and suburban dwellers, and a majority of rural voters, support compensating and relocating residents for the purpose of airport expansion and construction. This would appear to offer a "third way" solution to this problem.

Q. Some experts and local elected officials favor compensating and relocating residents near airports or proposed airport sites to make room for airport expansion and construction. Do you strongly support, somewhat support, somewhat oppose, or strongly oppose this proposal?
(Support = strongly + somewhat / Oppose = somewhat + strongly.)

ALL	CITY	SUBURB	RURAL
63/31	68/30	68/24	54/36

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63 percent favor compensating people who relocate due to airport expansion & construction.

Trim the tax cut

A year ago, the economy grew by more than 4 percent. Unemployment hit a 30-year low of 3.9 percent last September and October. Inflation was low and under control. Incomes — after decades of stagnation — were going up. Stock prices were high, and more Americans were investing than ever before. Poverty was going down. And, astonishingly, federal budget surpluses were piling up so fast that we were on a course to pay off our $3.4 trillion national debt in a decade.

Americans were optimistic — and they had every right to be. Under President Clinton's leadership, we had settled into a New Democrat economic policy — grounded in fiscal discipline, expanded trade, and investments in people and technology — that had produced eight years of prosperity.

Now that's all changed. The economy has slowed to a crawl — less than 1 percent growth in the past quarter. Unemployment is inching up, and most experts expect it to rise to 5 percent — a 25 percent increase — by the end of this year. The stock market has declined. And, instead of paying off the federal debt, we face the distinct prospect of going back to the bad old days of deficit spending.

For too many Americans, last year's optimism has turned into apprehension, if not outright fear, about their economic futures.

It's no wonder that economist Paul Krugman wrote recently in *The New York Times* that "many people, even those who enthusiastically supported George W. Bush's campaign, are starting to have second thoughts about his tax cut."

They should. The Bush tax cut is a bad idea that became even worse law. From the very beginning, it's been very clear that it was grounded more in ideology than in good economics.

Like President Reagan two decades earlier, President Bush supported massive tax cuts to shrink the size of government by starving it of income. But the 1981 Reagan tax cut came at a time of economic distress — a long period of stagflation, followed by double-digit inflation and recession — so an argument could be made for a radical change in policy. No such economic rationale existed last year for changing the policies that brought us the longest period of sustained non-inflationary growth in the history of our country.

Nonetheless, Bush made his tax cut his main priority. To get it, he browbeat his Republican congressional allies and a few wayward Democrats into supporting a plan full of gimmicks, distortions, and deceptions to hide the fact that it would cost nearly a trillion dollars more than advertised.

To be sure, Democrats were right to argue that the Bush tax cut would eat up funds necessary for other priorities like securing Medicare and Social Security, health care for the uninsured, education, national defense, and paying down the debt.

But there's an even more nefarious consequence of the Bush tax cut: It undermines our future prosperity by eliminating the fiscal discipline that has been the foundation of our economic success.

With great ballyhoo, Federal Reserve Board Chairman Alan Greenspan has cut short-term interest rates six times this year. What is virtually unknown to most Americans is that long-term interest rates — the rates that most affect investment decisions and future economic growth — have actually increased in 2001.

The reason, according to Krugman: "Bond traders, who not long ago expected the government to rapidly pay down its debt, now see the projected surplus dwindling because of the (Bush) tax cut. So it's just supply and demand: estimates of the future supply of bonds are rising, so bond prices are falling — and that means high long-term interest rates (including mortgage rates)."

I'm no economist, but I believe one of the most important substantive and political achievements of the New Democrat movement has been to re-establish Democrats as a party of economic growth and opportunity, not just redistribution. The cornerstone of that shift was fiscal discipline.

The Bush tax cut has put that fiscal discipline — and our economy's future — in jeopardy. It needs to be scaled back before it eats up the surpluses, and Democrats should begin to lay the foundation now.

This year's tax refunds — the most progressive part of the tax cut and, not coincidentally, a Democratic idea — should go forward. But the most costly and egregious provisions — many of which won't start until later in the decade — should be cut back before they go into effect. We need to get back on a path of paying down the debt to keep long-term interest rates down and our economy growing. Our future prosperity is at stake. ◆

>> **Al From** is founder and CEO of the Democratic Leadership Council.

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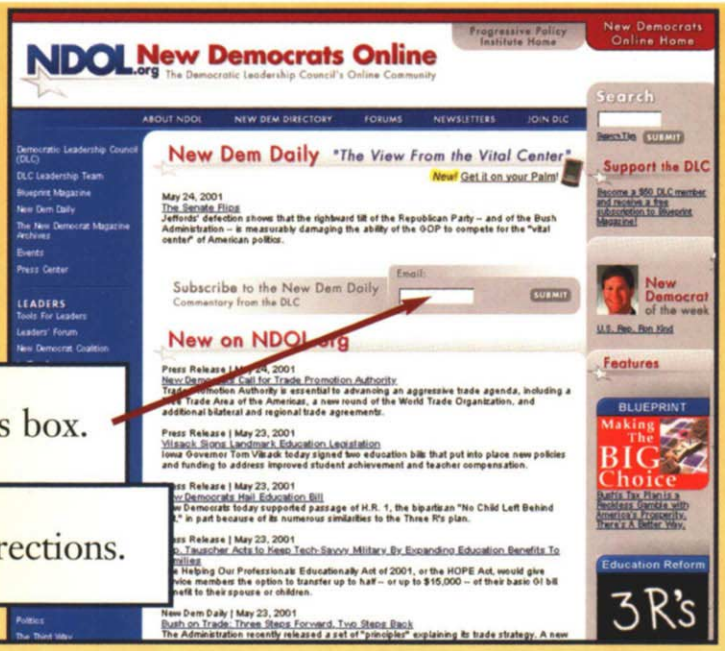

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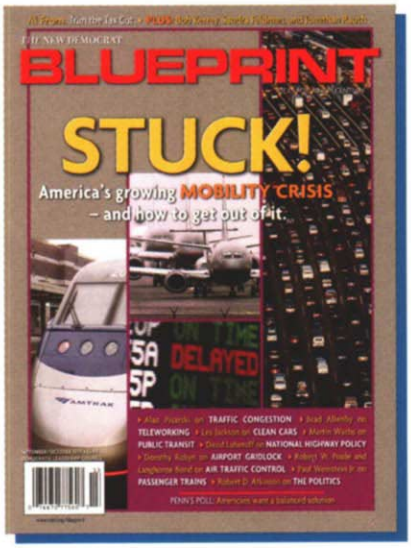

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